Supreme Court, U.S.
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In The

Supreme Court of the United States

DETHMERS MANUFACTURING COMPANY, INC.,

Petitioner,

v.

AUTOMATIC EQUIPMENT MFG. CO.,

Respondent.

On Petition For Writ Of Certiorari To The United States Court Of Appeals For The Federal Circuit

PETITION FOR WRIT OF CERTIORARI

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QUESTIONS PRESENTED FOR REVIEW

A divided panel of the United States Court of Appeals for the Federal Circuit declared certain claims in Petitioner's issued patent to be invalid, not based on any statutory ground, but on the panel's determination that a United States Patent and Trademark Office (PTO) regulation adopted to govern the patent application process had been violated. In reviewing whether the patent application complied with the PTO regulation, the Federal Circuit decided the issue de novo, without giving any deference to the PTO's determination that the application in fact complied with its own regulation. Because the en banc Federal Circuit denied rehearing by a 6 to 6 vote, the following questions are presented to this Court for review:

1. Can an issued patent be declared invalid by a court for failure to comply with a procedural regulation of the PTO adopted to govern the patent application process, when the statutory requirements for patentability have been satisfied and the PTO considers the requirements of its procedural regulation to have been satisfied?

2. Is a determination by the PTO that an application complies with its procedural regulations entitled to deference as an agency's interpretation of its own regulation?

RULE 29.6 STATEMENT

The Petitioner is Dethmers Manufacturing Company, Inc. Petitioner does not have a parent corporation. There are no parent or publicly held companies owning ten percent (10%) or more of the Petitioner's stock.

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OPINIONS BELOW

The opinion of the court of appeals (App. 1-33) is reported at 272 F.3d 1365 (Fed. Cir. 2001). The order denying rehearing en banc (App. 192-98) is reported at 293 F.3d 1364 (Fed. Cir. 2002). The district court opinion (App. 34-189) is reported at 23 F.Supp. 974 (N.D. Iowa 1998). The district court order entering judgment pursuant to Rule 54(b) (App. 190-91) is unreported.

JURISDICTION

The judgment of the United States Court of Appeals for the Federal Circuit was entered on December 5, 2001. Petitioner timely filed a petition for rehearing en banc on December 18, 2001. On June 13, 2002, the United States Court of Appeals for the Federal Circuit denied the petition for rehearing.

The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

STATUTORY AND REGULATORY PROVISIONS

I. 35 U.S.C. § 2(b)(2)(A)

§ 2 Powers and duties

(b) Specific powers. –The [Patent and Trademark] Office –

(2) may establish regulations, not inconsistent with law, which –

(A) shall govern the conduct of proceedings in the Office;

II. 35 U.S.C. § 251 [In relevant part]

§ 251. Reissue of defective patents

Whenever any patent is, through error without any deceptive intention, deemed wholly or partly inoperative or invalid, by reason of a defective specification or drawing, or by reason of the patentee claiming more or less than he had a right to claim in the patent, the Director shall, on the surrender of such patent and the payment of the fee required by law, reissue the patent for the invention disclosed in the original patent, and in accordance with a new and amended application, for the unexpired part of the term of the original patent. No new matter shall be introduced into the application for reissue.

* * *

The provisions of this title relating to applications for patent shall be applicable to applications for reissue of a patent. . . .

* * *

III. 35 U.S.C. § 282 [In relevant part]

§ 282. Presumption of validity; defenses

A patent shall be presumed valid. . . . The burden of establishing invalidity of a patent or any claim thereof shall rest on the party asserting such invalidity.

* * *

IV. 37 C.F.R. § 1.175 (1996) [In relevant part]

§ 1.175 Reissue oath or declaration

(a) Applicants for reissue, in addition to complying with the requirements of § 1.63, must also file with their applications a statement under oath or declaration as follows:

1. When the applicant verily believes the original patent to be wholly or partly inoperative or invalid, stating such belief and the reasons why.

* * *

2. When it is claimed that such patent is inoperative or invalid "by reason of the patentee claiming more or less than he had the right to claim in the patent," distinctly specifying the excess or insufficiency in the claims.

* * *

3. Particularly specifying the errors relied upon, and how they arose or occurred.

* * *

STATEMENT OF THE CASE

United States Patent and Trademark Office ("PTO") procedural rules are intended to aid the PTO in determining whether the statutory requirements for issuance of a patent have been satisfied. Once the PTO issues a patent, the question of previous compliance with these procedural rules becomes irrelevant. At that point, the only relevant

measures of validity are the statutory requirements for patentability.

In this case, however, a divided panel of the Federal Circuit declared certain claims in the Petitioner's reissue patent to be invalid, not based on any statutory grounds, but instead based solely on the panel majority's perception that a PTO procedural rule related to reissue patents had been violated. This error was compounded by the Federal Circuit's refusal to give any deference to the PTO's own determination that the application had in fact complied with its rules.

Six of the twelve active Federal Circuit judges, and the PTO itself (who filed an amicus brief (App. 200-12)) in support of Petitioner's request for rehearing en banc, agree that it was inappropriate for the panel to declare the claims invalid solely for failure to comply with PTO procedural rules and also that it is inappropriate for the Federal Circuit to fail to give deference to the PTO's interpretation of its own rule.

As described below, these issues are both important and likely to recur if not corrected by this Court.

A. PTO Rules Background

The PTO adopted "Rules of Practice in Patent Cases" 37 C.F.R. §§ 1.1 et seq. pursuant to the authority granted to the PTO in section 2(b)(2)(A) of the Patent Act. 35 U.S.C. § 2(b)(2)(A). That grant of authority provides that the PTO "may establish regulations, not inconsistent with law, which – (A) shall govern the conduct of proceedings in the [Patent and Trademark] Office." *Id.*; *see also* 35 U.S.C. § 6(a) (1996) (which provided that the Commissioner of

Patents and Trademarks could "establish regulations, not inconsistent with law, for the conduct of proceedings in the Patent and Trademark Office"). Therefore under both the current enabling statute and the enabling statute in place when the reissue patent issued, the PTO's authority to establish regulations is limited to regulations that would control "the conduct of proceedings in" the PTO. The PTO rules were never intended, or statutorily permitted, to govern inter partes court proceedings involving issued patents.

The statutory requirements for reissue are set forth in 35 U.S.C. §§ 251-52. In relevant part, § 251 provides: "Whenever any patent is through error without any deceptive intention, deemed wholly or partly inoperative or invalid, . . . by reason of the patentee claiming more or less than he had a right to claim in the patent, the Director shall . . . reissue the patent for the invention disclosed in the original patent . . . ."

The PTO adopted Rule 175 (37 C.F.R. § 1.175) to enable it to determine whether patent applications satisfy the requirements of § 251. Of importance to this case, Rule 175 required the applicant to provide an oath or declaration "distinctly specifying the excess or insufficiency in the claims" and "[p]articularly specifying the errors relied upon, and how they arose or occurred."

B. Relevant Facts

This is a patent infringement case involving a reissue patent. Petitioner, Dethmers Manufacturing Company, Inc. ("Dethmers"), was the owner of United States Patent No. 5,232,240 directed to a towing hitch (hereinafter "the original patent"). (App. 3). Within the two-year time period

allowed by the Patent Act, Dethmers sought to have the original patent reissued to correct errors that had resulted in unnecessarily narrow claims. (App. 3). The patent examiner assigned to the reissue application initially rejected the application based on a perceived failure of the accompanying declaration to comply with PTO Rule 175. (App. 3-4). In response to this rejection, Dethmers submitted a substitute declaration, which the examiner indicated was acceptable. (App. 4). The examiner then allowed the reissue application, which issued as United States Patent No. RE 35,482 ("the reissue patent"). (App. 4).

Prior to the issuance of the reissue patent, Dethmers sued Respondent, Automatic Equipment Mfg. Co. ("Automatic"), seeking declaratory judgment of non-infringement of a patent owned by Automatic. Shortly after the reissue patent issued, Dethmers filed an amended complaint seeking relief from infringement by Automatic of the reissue patent. Jurisdiction in the District Court was based on 28 U.S.C. §§ 1331; 1332(a); and 1338(a).

C. District Court Proceedings

Automatic defended the claim for patent infringement on, among other grounds, failure to comply with the reissue statute (35 U.S.C. § 251) and failure to comply with the internal PTO rules relating to reissue declarations (Rule 175). (App. 4, 41). The District Court denied Automatic's motion for summary judgment with respect to the statutory requirements for reissue. (App. 114-30, 144, 188). However, applying a de novo analysis of the PTO's acceptance of the substitute reissue declaration, the district court determined that the substitute declaration failed to satisfy the requirements of Rule 175, and on the

basis of that failure, declared the reissue patent invalid. (App. 130-43, 188).

Specifically, the district court ruled that while the reissue declaration identified the "big picture" of the amendments, it failed to "detail particularly and specifically each and every alteration in or departure from the claims in the [original] patent." (App. 140-41).

D. Federal Circuit Panel Decision and Dissent

Dethmers timely filed a notice of appeal to the United States Court of Appeals for the Federal Circuit. In that appeal, Dethmers argued that the substitute declaration did satisfy the requirements of Rule 175, and further that it was inappropriate for the District Court to find the reissue patent invalid based on a mere failure to comply with a PTO procedural rule. After the initial briefing and oral argument, the Federal Circuit requested that the parties and the PTO file supplemental briefs directed to the issue of what, if any, deference is due to the PTO when a court is reviewing a decision of the PTO granting a reissue patent and determining that the reissue application complies with Rule 175.

In the panel decision, the majority indicated that it felt constrained to review compliance with Rule 175 under the de novo standard that had been used by prior Federal Circuit cases reviewing the issue. (App. 8). In a footnote, the majority noted that such authority could only be overturned by the Federal Circuit sitting en banc. (App. 8 n.2). The majority similarly dismissed Dethmers's argument that it was inappropriate to invalidate an issued patent based on a failure to comply with a PTO rule by

citing to a Federal Circuit case that had invalidated a reissue patent for failure to comply with Rule 175. (App. 21). Based on these determinations, the Federal Circuit found that the substitute reissue declaration failed to satisfy the requirements of Rule 175 with respect to claims 4 through 7. Therefore, the majority affirmed the invalidity of claims 4 through 7 of the reissue patent based on a failure to comply with the standards of Rule 175. (App. 22).

Judge Dyk authored a partial dissent (hereinafter "panel dissent" (App. 24-33)), in which he argued that in light of *Dickinson v. Zurko*, 527 U.S. 150 (1999), which held that the PTO should be treated the same as other administrative agencies under the Administrative Procedure Act, and further in light of other Supreme Court authority, such as *Bowles v. Seminole Rock & Sand Co.*, 325 U.S. 410 (1945), which held that agencies are entitled to substantial deference when interpreting their own regulations, the Federal Circuit should have given substantial deference to the PTO's determination that the substitute declaration complied with 37 C.F.R. § 1.175.

E. Denial of Petition for Rehearing En Banc and Dissenting Opinions

Dethmers timely filed a petition for rehearing en banc. By an evenly divided court, the Federal Circuit denied Dethmers's petition. (App. 192-93). There were two dissenting opinions filed with the denial. Each of the two

dissents was joined by all six of the judges that voted to rehear the case en banc. (App. 193; 199).[1]

The first dissent (App. 194-96) was authored by Judge Linn. The primary thrust of the Linn dissent is that it is inappropriate to invalidate a patent for failure to comply with a PTO procedural rule. (App. 195-96). This is based on the statutory presumption of validity for all issued patents under 35 U.S.C. § 282, and "the deference that is due to a qualified government agency presumed to have properly done its job." (App. 195 (quoting *American Hoist & Derrick Co. v. Sowa & Sons, Inc.*, 725 F.2d 1350, 1359 (Fed. Cir. 1984))). By finding the reissue patent to be invalid based solely on a failure to comply with a PTO rule, the majority in the panel decision "fail[ed] to recognize the statutory presumption of validity to which every United States patent is entitled." (App. 196).

The second dissenting opinion (App. 196-98), authored by Judge Dyk, argues that the Federal Circuit should have reheard the case en banc to correct the holding in the panel decision that the court was not required to give deference to the PTO's interpretation of its own rules. The Dyk dissent cites numerous Supreme Court cases giving deference to other agencies, and argues that there is no reason to treat the PTO differently. (App. 197-98).

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[1] When the opinions were initially released, Judge Gajarsa was not listed as joining the Linn dissent. An Errata Sheet (App. 199) was issued six days later adding Judge Gajarsa to the Linn dissent.

REASONS FOR GRANTING THE PETITION

I. THE CIRCUIT COURT'S DECISION CONFLICTS WITH DECISIONS OF THIS COURT ON IMPORTANT AND RECURRING ISSUES

A. The Circuit Court Decision Results in the PTO Being Treated Differently than Every Other Agency Because It Fails to Give Deference to the PTO's Interpretation of Its Own Regulation

A reviewing court should defer to an agency's interpretation of its own regulations. *Bowles v. Seminole Rock & Sand Co.*, 325 U.S. 410, 414 (1945). This Court has repeated this principal on numerous occasions. *See e.g. Id.* ("[T]he ultimate criterion is the administrative interpretation, which becomes of controlling weight unless it is plainly erroneous or inconsistent with the regulation."); *United States v. Cleveland Indians Baseball Co.*, 532 U.S. 200, 220 (2001) ("The Rulings simply reflect the agency's long standing interpretation of its own regulations. Because that interpretation is reasonable, it attracts substantial judicial deference."); *Shalala v. Gurnsey Mem'l Hosp.*, 514 U.S. 87, 94-95 (1995) ("It is a reasonable regulatory interpretation, and we must defer to it."); *Auer v. Robbins*, 519 U.S. 452, 461 (1997) ("Because the salary-basis test is a creation of the Secretary's own regulations, his interpretation of it is, under our jurisprudence, controlling unless 'plainly erroneous or inconsistent with the regulation.'" (citing *Robertson v. Methow Valley Citizens Council*, 490 U.S. 332 (1989)); *Thomas Jefferson Univ. v. Shalala*, 512 U.S. 504, 512 (1994) ("We must give substantial deference to an agency's interpretation of its own regulations."); *See also Martin v. Occupational Safety and Health Review Commission*, 499 U.S. 144, 150-151 (1991);

Lyng v. Payne, 476 U.S. 926, 939 (1986); *Vt. Yankee Nuclear Power Corp. v. Natural Resources Def. Council, Inc.*, 435 U.S. 519, 534 (1978); *Fed. Power Comm'n v. Transcon. Gas Pipe Line Corp.*, 423 U.S. 326, 333-34 (1976); *Udall v. Tallman*, 380 U.S. 1, 16 (1965).

The circuit decision creates a "serious anomaly in the patent law" that results in the PTO being treated differently than every other agency. (Dyk Dissent, App. 197). This Court has already rejected the argument that the PTO should be treated differently than other agencies for judicial review purposes. *Dickinson v. Zurko*, 527 U.S. 150, 165 (1999).

Six of the twelve judges on the Federal Circuit recognize this anomaly, and argue that there may be reasons for giving the PTO more deference than other agencies, instead of less:

> Our decision on the deference issue, declining to give deference to the PTO interpretation, is directly inconsistent with Supreme Court decisions concerning other agencies and with our own decisions concerning other agencies, and direct review cases involving the PTO itself. There is no reason to deny deference here. Indeed if anything, more deference should be afforded the PTO in this particular area because we are ill equipped to determine whether the PTO has received the information that it deems necessary for an examination.

(Dyk Dissent, App. 197-98 (citations omitted)).

In its amicus brief to the Federal Circuit in support of the petition for rehearing, the PTO also recognized the

importance of deferring to the PTO's reasonable interpretation of its own rules:

> [T]he presumption of validity is supported by and should embrace the extensive Supreme Court precedent [which] establishes that when an action being challenged involves the agency's interpretation and application of its own regulation, the agency's action should receive substantial deference unless plainly erroneous . . . .Such deference is reinforced when, as here, agency counsel supports the action taken as being within a proper reading of the agency rule.

(PTO Amicus Brief, App. 207-08).

Deferring to an agency's interpretation of its own regulation is a common-sense rule because the agency that drafted the rule is in the best position to interpret its meaning. *See* Kenneth C. Davis & Richard J. Pierce, *Administrative Law Treatise* § 6.10 at 282 (3d Ed. 1994) (stating that the agency "is in a superior position to determine what it intended when it issued a rule, how and when it intended the rule to apply, and the interpretation of the rule that makes the most sense given the agency's purposes in issuing the rule"). The PTO has interpreted Rule 175 to require reasonable compliance with its terms in order for the PTO to determine whether the statutory requirements for reissue have been satisfied. The Federal Circuit has inappropriately adopted a stricter construction that goes beyond the purpose or authority of the rule.

B. The Circuit Court Decision Ignores the Statutory Presumption of Validity

Section 282 of the Patent Act provides that patents "shall be presumed valid." 35 U.S.C. § 282. Even prior to the enactment of § 282, this Court recognized this presumption of validity. *Radio Corp. v. Radio Laboratories*, 293 U.S. 1, 8 (1934). In *Radio Corp.*, Justice Cardozo explained the presumption as follows: "[O]ne otherwise an infringer who assails the validity of a patent fair upon its face bears a heavy burden of persuasion, and fails unless his evidence has more than a dubious preponderance." *Id.* By refusing to give deference to the PTO's interpretation of Rule 175, and by invalidating claims of the reissue patent for failure to comply with a PTO procedural rule, the Federal Circuit decision has eviscerated the presumption of validity.

The statutory presumption of validity is rooted in the presumption that in issuing the patent, the PTO "was a qualified government agency presumed to have done its job, which includes one or more examiners . . . whose duty it is to issue only valid patents." *Am. Hoist & Derrick Co. v. Sowa & Sons, Inc.*, 725 F.2d 1350, 1359 (Fed. Cir.1984) (Rich, J.) (citing *Morgan v. Daniels*, 153 U.S. 120, 125 (1894)).

The PTO agrees that this presumption of validity should result in deference to the PTO's interpretation of its procedural rules:

> A litigant must prove invalidity by the rigorous standard of clear and convincing evidence because there is a presumption that the [PTO] acted properly in the prosecution of the patent. This presumption should apply in any validity challenge . . . . Similarly here, where the effect of

> the challenge to the declaration amounts to a challenge to the validity of reissue claims, § 282 should apply.

(PTO Amicus Brief, App. 206 (citations omitted)).

The circuit opinion substitutes a judge's interpretation of the PTO's rules in place of the PTO's interpretation, without giving any weight to the PTO's interpretation. If the reviewing court is free to chose its own interpretation of the rules, without any consideration to the PTO, there is no presumption that the PTO did its duty as a qualified government agency.

The circuit opinion casts a shadow over the validity of every issued patent. Certainty and predictability are vital to the protection of intellectual property through the patent system. *See Warner Jenkinson Co. v. Hilton Davis Chem. Co.*, 520 U.S. 17, 29-33 (1997) (emphasizing the importance of the public notice function of claims). When reviewing courts are permitted to interpret the Rules without regard to the PTO's interpretation, patentees and the public are left to guess what interpretation the court will use. The public should be able to presume that the PTO performed its duty in examining and issuing the patent. Unless the PTO's interpretation is unreasonable, that interpretation should prevail.

C. The Circuit Court Opinion Improperly Elevates an Agency's Rules Over the Statute They Seek to Implement

By invalidating a patent for failure to comply with PTO rules, the Circuit opinion inverts the hierarchy between regulations and statutes. The Federal Circuit and the District Court both explicitly rejected all arguments

that the patent was invalid for failure to comply with the statutory provisions relating to reissue. (App. 21-22; 114-30). That should have ended the analysis. Once a patent issues, it should be measured against the statute itself, not the regulation that was implemented merely to aid the PTO in determining compliance with the statute.

The statutory provision that enabled the PTO to implement Rule 175 limited the application of the rules to proceedings in the PTO. 35 U.S.C. § 6(a) (1997) ("Commissioner of Patents and Trademarks ... may establish regulations, not inconsistent with law, for the conduct of proceedings in the Patent and Trademark Office."); *see also* 35 U.S.C. § 2(b)(2)(A). Interpreting Rule 175 in such a fashion as to invalidate a patent that would otherwise be valid under § 251 was thus also inappropriate because it is "inconsistent with law." Such an interpretation is inconsistent with law because it interprets the Rule as requiring something different than the statute it is seeking to implement, and because § 251 mandates that a patent must be issued if its requirements are satisfied. 35 U.S.C. § 251 ("*Whenever any patent* is through error without any deceptive intention, deemed wholly or partly inoperative or invalid, ... the Director *shall* ... reissue the patent for the invention disclosed in the original patent.... " (emphasis added). *See United States ex rel. Steinmetz v. Allen*, 192 U.S. 543 (1904) (finding that PTO rule that prevented including process claims and apparatus claims in the same patent to be without effect because it was inconsistent with statutory provisions).

Not only is this substitution of the judgment of the court for the PTO contrary to law, it is manifestly unfair. It substitutes the interpretation of judges for that of an agency in interpreting and applying the agency's rules.

Furthermore, it is done at a time when the patentee cannot comply with the judge's interpretation of the rules. For example, in the present case, if the patent examiner had interpreted the rule in the same manner as the court's, there is little question that the patent applicant could have revised the declaration to satisfy the requirements. The PTO explained the unfairness of the panel decision as follows:

> Although the [PTO] may withhold issuance of a patent based on a failure to comply with its procedural rules, an important distinction exists between the [PTO's] reliance on non-compliance with its rules to decline to issue a patent, and a court invalidating an issued patent entitled to the § 282 presumption, on its *de novo* interpretation and application of the rules. If the [PTO] determines that a reissue declaration failed to meet procedural requirements, an applicant has the opportunity to fix the defect and continue with the prosecution of the case. If a court, *de novo*, determines that a reissue declaration does not meet the procedural standards, as the majority did here, the applicant has no mechanism to correct a purely procedural defect and as a result can lose their patent altogether. This result cannot be what the law intended.

(PTO Amicus Brief, App. 210 n.2).

Holding a patent invalid for failure to comply with PTO rules is also contrary to § 282 of the Patent Act, which sets forth an exclusive list of grounds for finding a patent invalid. 35 U.S.C. § 282. Importantly, § 282 lists failure to comply with § 251 as a grounds for invalidity, but does not list failure to comply with PTO rules.

D. These Are Recurring Issues for Which This Case Provides an Excellent Vehicle for Review

The outcome of this case turns on whether the reviewing court gives deference to the agency. (Panel Dissent, App. 31-33). As noted in the *Zurko* case, it can be difficult to find cases where the reviewing court admits that the standard of review made a difference. *Dickinson v. Zurko*, 527 U.S. 150, 163 (1999) ("The difficulty of finding such a case may in part reflect the basic similarity of the reviewing task, which requires judges to apply logic and experience to an evidentiary record, whether that record was made in a court or by an agency.").

The appropriate level of deference to apply to PTO interpretations of its rules is a recurring issue. Therefore, while Rule 175 has been amended, the significance of this case is not affected by that amendment. As Judge Dyk noted, "[t]he issue is not how the regulation should be construed, but rather the standard of deference due the PTO's interpretation of the regulation." (Dyk Dissent, App. 197). For example, in *In re McDaniel*, decided shortly after the refusal to rehear this case en banc, the Federal Circuit failed to give deference to the PTO's interpretation of its own regulation, based on the holding of the present case:

> An agency's interpretation of its own regulations is normally entitled to considerable deference, and that interpretation will be accepted unless it is plainly erroneous or inconsistent with the regulation. *Bowles v. Seminole Rock & Sand Co.*, 325 U.S. 410, 414 (1945); *Data Gen. Corp. v. Johnson*, 78 F.3d 1556, 1561 (Fed. Cir. 1996). However, this court in *Dethmers Manufacturing Co., Inc. v. Automatic Equipment Manufacturing Co.*, 272 F.3d 1365, 1370, 60 USPQ.2d 1929, 1932

> (Fed. Cir. 2001) was constrained to apply not a deferential but a de novo standard of review to the Patent and Trademark Office review of its own reissue rule . . . .

293 F.3d 1379, 1382 (Fed. Cir. 2002).[2] In reviewing the PTO's interpretation of an interference rule in *McDaniel*, the Federal Circuit cited the present case again in support of not granting the PTO's interpretation any deference, saying that deference was not appropriate "under the rule in *Dethmers*, subjecting an agency's interpretation of its own reissue rule to a de novo standard of review." *Id.* at 1385.

Therefore, it appears that the Federal Circuit is giving the *Dethmers* case an expansive reading by applying it to other PTO rules, and to direct review of PTO action.

Recently, a district court relied on the panel decision to invalidate the claims of a reissued patent because it did not comply with *new* Rule 175:

> According to the Federal Circuit, the issue of whether a reissue declaration satisfies Rule 175 presents a "pure question of law" when there are no disputed facts. *Dethmers Manufacturing Co., Inc. v. Automatic Equipment Manufacturing Co.*, 272 F.3d 1365, 1369 (Fed. Cir. 2001). Moreover, the PTO's decision to issue the reissue patent

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[2] When the *McDaniel* opinion was first issued on June 19, 2002, it made no reference to the *Dethmers* decision, and it appeared that the Federal Circuit was giving deference to PTO interpretations of its own rules in direct review cases. However, on June 25, the Federal Circuit issued an errata sheet that added in the citations to *Dethmers*, and applied the "rule in *Dethmers*" to a direct review case.

> based on a disputed reissue declaration is not entitled to any deference. *Id.* at 1370 n. 2, *citing Nupla Corp. v. IXL Manufacturing Co.*, 114 F.3d 191 (Fed. Cir. 1997) and *In re Constant*, 827 F.2d 78 (Fed. Cir. 1987).
>
> . . .
>
> Failure to comply with Rule 175 for any claim contained in the patent renders that claim invalid. *Dethmers*, 272 F.3d at 1376.

Chamberlain Group, Inc. v. Interlogix, Inc., 2002 WL 1263984 at *2 (N.D. Ill. June 3, 2002), *request for reconsideration denied,* 2002 WL 1998292 at *2 (N.D. Ill. Aug. 28, 2002) (citing to panel decision in present case for proposition that PTO decision to accept reissue declaration after issuance of patent may not be entitled to deference). Therefore, courts are continuing to invalidate patents for failure to comply with PTO Rule 175, and the identical questions presented by this Petition arise under either version of Rule 175.

The Federal Circuit is the exclusive court for cases that arise under the Patent Act. 28 U.S.C. § 1295(a)(1), (4). Therefore there is no reason to wait for a split in circuits to develop. The Federal Circuit judges are split six-to-six on the issue, and no greater split is likely to emerge.

CONCLUSION

The petition for a writ of certiorari should be granted.

Respectfully submitted,

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United States Court of Appeals
for the Federal Circuit

00-1114, -1130

DETHMERS MANUFACTURING COMPANY, INC.,

Plaintiff-Appellant,

v.

AUTOMATIC EQUIPMENT MFG CO.,

Defendant-Cross Appellant,

David A. Tank, Davis, Brown, Koehn, Shors & Roberts, P.C., of Des Moines, Iowa, argued for plaintiff-appellant. With him on the brief were *Brian J. Laurenzo* and *Michael C. Gilchrist*, Dorsey & Whitney, LLP, of Des Moines, Iowa.

Timothy R. Engler, Harding, Schultz & Downs, of Lincoln, Nebraska, argued for defendant-cross appellant. With him on the brief was *Donald R. Schoonover*, Schoonover Law Firm, of Fremont Hills, Missouri.

John M. Whealan, Solicitor, United States Patent and Trademark Office, of Arlington, Virginia, for amicus curiae Director of the United States Patent and Trademark Office. With him on the brief were *Kristin L. Yohannan* and *Cynthia C. Lynch*, Associate Solicitors.

Appealed from: U.S. District Court for the Northern District of Iowa

Judge Mark W. Bennett

DECIDED: December 5, 2001

Before CLEVENGER, SCHALL, and DYK, *Circuit Judges*.

Opinion for the court filed by *Circuit Judge* SCHALL. Opinion concurring-in-part, dissenting-in-part filed by *Circuit Judge* DYK.

SCHALL, *Circuit Judge*.

Dethmers Manufacturing Company, Inc. ("Dethmers") appeals the decision of the United States District Court for the Northern District of Iowa that granted Automatic Equipment Manufacturing. Co.'s ("Automatic's") motion for summary judgment that United States Patent No. Re. 35,482 (the "reissue patent"), owned by Dethmers, is invalid. *Dethmers Mfg. Co. v. Automatic Equip. Mfg. Co.*, 23 F. Supp. 2d 974 (N.D. Iowa 1998) ("*Dethmers I*"). Automatic cross-appeals the court's grant of Dethmers' motion for summary judgment of non-infringement of Automatic's U.S. Patent No. 5,356,166 (the "'166 patent"). *Dethmers Mfg. Co. v. Automatic Equip. Mfg. Co.*, 70 F. Supp. 2d 944 (N.D. Iowa 1999) ("*Dethmers II*"). Final judgment pursuant to these decisions was entered under Rule 54(b) of the Federal Rules of Civil Procedure. *Dethmers Mfg. Co. v. Automatic Equip. Mfg. Co.*, No. C96-4061MWB (N.D. Iowa Nov. 3, 1999). With respect to Dethmers' appeal, we hold that some, but not all, of the claims of the reissue patent are invalid. With respect to Automatic's cross-appeal, we conclude that the court correctly decided that prosecution history estoppel bars Automatic's assertion against Dethmers of infringement of the '166 patent under the doctrine of equivalents. We therefore affirm-in-part, reverse-in-part, and remand.

BACKGROUND

I.

The reissue patent is directed to collapsible and removable hitches for towing vehicles, such as a hitch for towing a car behind a motor home. The application for reissue was filed on March 24, 1995, seeking reissue of U.S. Patent No. 5,232,240 (the "original patent"), which issued on August 3, 1993.

The original patent was filed with independent claim 1 and dependent claims 2-6 (the "application claims"). During prosecution, the examiner asserted that claims 1 and 2 were not patentable over the prior art. The Examiner told the applicant, however, that claims 4-6 contained patentable subject matter and would be "allowable if rewritten . . . to include all of the limitations of the base claim and any intervening claim." In response, the applicant cancelled application claims 1-4 and submitted new application claim 7. Application claim 7 corresponds to application claim 4 rewritten as the examiner suggested. The original patent issued with just three claims: claim 1, which corresponds to application claim 7, and claims 2 and 3, which correspond to application claims 5 and 6, respectively.

The reissue application was filed to correct two asserted errors in the original patent: (1) the inclusion of the subject matter of application claims 2 and 3 in application claim 7 (and thus in original patent claim 1) and (2) the use of the term "pivot block" in application claim 4 (and thus in original patent claim 1). The examiner originally rejected the reissue application because the declaration filed with the application failed to satisfy the requirements of 37 C.F.R. § 1.175(a)(5). As then in effect,

that rule required a reissue declaration to particularly specify the errors that were relied upon as the basis for reissue and to explain how the errors arose. The examiner noted that the declaration specified how the asserted errors in the claims arose, but did not specify how the asserted errors in the specification and abstract arose. In response, the applicant submitted a substitute reissue declaration that specified the errors in the specification and abstract and that included a table summarizing the differences between the reissue claims and the original patent claims. Shortly thereafter, the reissue patent was allowed to issue. The reissue patent, which was issued on March 25, 1997, contains ten claims. Claims 1, 6, 7, and 8 are independent claims, while claims 2, 3, 4, 5, 9, and 10 are dependent claims.

II.

On June 26, 1996, Dethmers sued Automatic, alleging that Automatic's tow bars infringed the reissue patent. In response, Automatic filed a motion for summary judgment that raised three separate grounds for invalidating the reissue patent. Automatic asserted that the errors corrected in the reissue patent were not the type that can be corrected under the reissue statute, 35 U.S.C. § 251; that the reissue patent was not directed to the same invention as the original patent, as required by § 251; and that the reissue declaration was fatally defective because it failed to satisfy the requirements of 37 C.F.R. § 1.175 ("Rule 175"). *Dethmers I*, 23 F. Supp. 2d at 1014. The court denied Automatic's motion on the first two grounds, but granted its motion on the third ground, determining that the reissue declaration did not satisfy the requirements of the version of Rule 175 that was in effect at the time the

reissue application was pending. *Id.* at 1019, 1020, 1025. Specifically, the court determined that, while the reissue declaration identified the "big picture" of the reissue amendments, it failed to "detail particularly and specifically each and every alteration in or departure from the claims in the [original] patent." *Id.* at 1024. The court also determined that "Dethmers was required to specify[] particularly the defects in the drawings" that were corrected in the reissue. *Id.* at 1025. The court concluded that "[b]ecause all the reissue claims contain undisclosed alterations, either in their text or in supporting drawings and specifications, all are properly deemed invalid." *Id.* The district court reached its decision based on a *de novo* review of the record. Neither party objected to that standard of review. The court therefore granted Automatic's motion for summary judgment of invalidity. *Id.* Dethmers appeals.

Automatic also responded to Dethmers' suit by filing a counterclaim in which it alleged that Dethmers' EXCALIBAR tow bar infringed the '166 patent, which is directed to a lockable, telescoping tow bar assembly. In *Dethmers I*, the court granted Dethmers' motion for summary judgment that it did not literally infringe the '166 patent, but denied its motion with respect to infringement under the doctrine of equivalents because it found that there were genuine issues of material fact as to that issue. *Dethmers I*, 23 F. Supp. 2d at 1032-43. In *Dethmers II*, the district court revisited its decision on the doctrine of equivalents issue, and determined that prosecution history estoppel barred application of the doctrine. *Dethmers II*, 70 F. Supp. 2d at 961-73. The court therefore granted Dethmers' motion for summary judgment of non-infringement. *Id.* at 973. Automatic appeals the judgment

with respect to infringement under the doctrine of equivalents.

We have jurisdiction over Dethmers' appeal and Automatic's cross-appeal pursuant to 28 U.S.C. § 1295(a)(1).

DISCUSSION

I.

We review a grant of summary judgment *de novo* and affirm only if, when the facts are viewed in the light most favorable to the non-moving party and all doubts are resolved in favor of the non-movant, there are no genuine issues of material fact and the moving party is entitled to judgment as a matter of law. *See* Fed. R. Civ. P. 56(c); *Monon Corp. v. Stoughton Trailers, Inc.*, 239 F.3d 1253, 1257, 57 USPQ2d 1699, 1702 (Fed. Cir. 2001). We begin with Dethmers' appeal. Because there are no facts in dispute, the issue before us is a pure question of law: whether the substitute reissue declaration satisfies the requirements of Rule 175.

At the time the reissue application was pending, Rule 175 required a reissue declaration to include the following information:

> (1) When the applicant verily believes the original patent to be wholly or partly inoperative or invalid, stating such belief and the reasons why.
>
> (2) When it is claimed that such patent is inoperative or invalid "by reason of a defective specification or drawing," particularly specifying such defects.

> (3) When it is claimed that such patent is inoperative or invalid "by reason of the patentee claiming more or less than he had the right to claim in the patent," distinctly specifying the excess or insufficiency in the claims.
>
> * * *
>
> (5) Particularly specifying the errors relied upon, and how they arose or occurred.
>
> (6) Stating that said errors arose "without any deceptive intention" on the part of the applicant.

37 C.F.R. § 1.175(a) (1996).[1]

We interpreted this version of Rule 175 in *Nupla Corp. v. IXL Manufacturing. Co.*, 114 F.3d 191, 42 USPQ2d 1711 (Fed. Cir. 1997), and in *In re Constant*, 827 F.2d 728,

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[1] All references to Rule 175 in this opinion are to this version of the rule. The current version of the rule, which took effect on December 1, 1997, *see Shockley v. Arcan, Inc.*, 248 F.3d 1349, 1358, 58 USPQ2d 1692, 1697 (Fed. Cir. 2001), after the reissue patent issued, is more liberal. The rule now requires a reissue declaration to state "at least one error being relied upon as the basis for reissue" and to state that "[a]ll errors being corrected . . . arose without any deceptive intention on the part of the applicant." 37 C.F.R. § 1.175 (2001). If additional errors are corrected during prosecution of the reissue patent, the "applicant must submit a supplemental . . . declaration stating that every such error arose without any deceptive intention on the part of the applicant." *Id.* However, "unless all errors previously stated in the original . . . [reissue] declaration [as being the basis for reissue] are no longer being corrected, a subsequent . . . declaration . . . need not specifically identify any other error or errors being corrected," as long as it states that "every . . . error arose without any deceptive intention on the part of the applicant." *Id.* Thus, while the version of the rule at issue in this appeal required the reissue declaration to particularly specify every error, the current version of the rule requires the reissue declaration to specify only one error.

3 USPQ2d 1479 (Fed. Cir. 1987). In both cases we held that the rule requires a reissue declaration to "specify every difference between the original and reissue claims." *Nupla*, 114 F.3d at 193, 42 USPQ2d at 1713; *Constant*, 827 F.2d at 729, 3 USPQ2d at 1480. In *Nupla* and in *Constant*, this court reviewed the issue before it without deference to previous administrative determinations. We feel constrained by our previous applications of the *de novo* standard of review and we accordingly follow that standard in this case.[2]

Dethmers argues that the district court erred in interpreting those cases as requiring verbatim support in the substitute reissue declaration for every change that was made in the reissue application. We agree with Dethmers that, in view of their facts, *Nupla* and *Constant* should not be read as standing for the proposition that word-for-word correspondence is required between a reissue declaration and the changes made in a reissue application. The declarations in *Nupla* and *Constant* failed to make any reference to several of the changes made in the respective reissue applications. *Nupla*, 114 F.3d at 194, 42 USPQ2d at 1714 (noting that the reissue declaration explains only one of "three material differences in scope"

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[2] In their initial briefs, the parties did not ask us to depart from the *de novo* standard of review. After oral argument, the panel *sua sponte* asked for supplemental briefing directed to the question of whether a different standard of review should be applied: specifically, one that accords deference to a decision of the Patent and Trademark Office granting a reissue patent and determining that the reissue application complies with section 1.175 of the Patent and Trademark Office's rules and regulations. Only the court sitting en banc can depart from the *de novo* standard of review set forth in *Nupla* and *Constant*.

between the reissue and original patent); *Constant*, 827 F.2d at 729, 3 USPQ2d at 1480 (stating that the reissue application addressed one difference between the reissue and original claims, but "failed to address the remaining 'excesses and insufficiencies' as required by [Rule 175]."). Nevertheless, Rule 175 does require a reissue declaration to "particularly specify[] each error relied upon, and how they arose or occurred" and to state that the "errors arose 'without any deceptive intention.'" 37 C.F.R. § 1.175(a). As construed in *Nupla*, Rule 175 requires a reissue declaration "explaining the source of [every] error, that it was non-deceptive and otherwise excusable, and how the amendment corrects the [error.]" *Nupla*, 114 F.3d at 195, 42 USPQ2d at 1715. We therefore must determine whether the district court correctly concluded that the substitute reissue declaration failed to satisfy these requirements.

The relevant passages from the reissue declaration are set forth below:

> "There are two substantive errors that arose in the claims of the patent which are at issue.
>
> The first error that arose in the claims of the patent was the inclusion of the subject matter of [application] claims 2 and 3 in the amended base [application] claim 7. This subject matter was not material to the invention. This subject matter had already been disclosed in Johnson's own prior patent which was cited by the Examiner to reject [application] claims 2 and 3. Furthermore, the Examiner stated that the basis for allowability was that the prior art failed to teach the use of a pivot bolt mounted through a pivot block which allows pivotal movement of the rear portion of the apparatus about a transverse horizontal axis.

> This structure has nothing to do with the subject matter of [application] claims 2 and 3. Accordingly, Johnson claimed less than he had the right to claim when the subject matter of [application] claims 2 and 3 and related language were included in amended [application] base claim 7.
>
> The second error which arose in the claims was the use of the potentially structurally limiting term 'pivot block' in original [application] claim 4 which the Examiner then included in his statement of reasons for allowable subject matter. It is believed that the term 'pivot means' would have been equally allowable as it was Johnson's teaching of means which allows pivotal movement of the rear portion of the apparatus about a transverse horizontal axis which was novel and nonobvious over the prior art. None of the prior art patents cited in the original patent teach such means which allows for pivotal movement between a storage position, wherein the pivotal plane of the arms and bars is generally vertical, and a towing position, wherein the pivotal plane of the arms and bars is generally horizontal. Accordingly, Johnson again claimed less than he had the right to claim when [application] base claim 7 was limited to a 'pivot block having upper and lower surfaces, forward and rearward ends, and opposing side surfaces . . . .' [sic]
>
> The errors arose because Johnson failed to appreciate the limiting effects of the above language. Such errors arose without any deceptive intent on the part of Johnson or his attorneys."

Dethmers I, 23 F. Supp. 2d at 1023-24 (alterations in original) (quoting the substitute declaration). The declaration includes the following table, which "summarizes how

the claims submitted for reissue differ in scope from the originally issued claims:"

Claim Submitted For Reissue	Original Claim	How Claim Submitted for Reissue Differs from Original Claim
1	1	No requirement that pivot arms be present. No requirement for connection means to selectively connect pivot arms to a vehicle to be towed.
2	2	No requirement that pivot arms be present. No requirement for connection means to selectively connect pivot arms to a vehicle to be towed.
3	3	No requirement that pivot arms be present. No requirement for connection means to selectively connect pivot arms to a vehicle to be towed.
4	1	No requirement for means to lock the pivot arms and the bars in axial alignment.
5	1	No substantive difference in scope.
6	1	No requirement that pivot arms be present. No requirement for connection means to selectively connect pivot arms to a vehicle to be towed. A "pivot member" is required instead of a "pivot block."

7	1	No requirement that pivot arms be present. No requirement for connection means to selectively connect pivot arms to a vehicle to be towed. "Pivot means" required instead of a "pivot block."
8	1	Identical claims.
9	2	Identical claims.
10	3	Identical claims.

Id. at 1024 (quoting the substitute declaration). The declaration also identifies typographical errors that were corrected in the reissue application. *Id.*

As discussed above, the district court determined that all of the reissue claims are invalid because they all "contain undisclosed alterations, either in their text or in the supporting drawings and specifications." *Id.* at 1025. Because the court did not discuss each claim individually, it is difficult for us to review this determination. Automatic has not pointed to any changes to the specification that were not explained in the reissue declaration. The changes to the drawings that were made in the reissue application consist of the addition of reference numerals to two of the figures. In *Nupla*, we indicated that a reissue declaration might not need to explain an amendment that was required by the examiner because the examiner "arguably . . . would already know what the declaration might tell him." *Nupla*, 114 F.3d at 196, 42 USP2d [sic] at 1715-16. We also left open the question whether "small language changes that do not affect the scope of the claims" need to be explained in a reissue declaration. *Id.*,

42 USPQ2d at 1716. We hold that because the changes to the drawings made in the reissue application appear to have been required by the Patent Office and do not affect the scope of the claims, they did not have to be explained in the reissue declaration. Because the only other differences in the reissue patent appear in the claims, the validity of each claim turns on whether the substitute reissue declaration explains every difference in that claim. We discuss each claim in turn.

Reissue Claim 1

Reissue claim 1 is set forth below. In accordance with 37 C.F.R. § 1.173, the material deleted from the claim is set forth in boldface in brackets.

1. A towing hitch, comprising:

a frame having a forward portion for selective removable connection to a towing vehicle, and a rearward portion for selective removable connection to a vehicle to be towed;

said forward portion including a generally horizontal forwardly extending member adapted for selectively lockable receipt within a conventional receiver hitch;

said rearward portion including first and second elongated bars having forward and rearward ends, the forward ends of said bars pivotally connected to a pivot bolt for pivotal movement within the same plane about said pivot bolt;[3]

[3] These three clauses were included in application claim 1.

[a first pivot arm pivotally connected at a forward end to the rearward end of said first bar for pivotal movement coplanar with said first and second bars;

a second pivot arm pivotally connected at a forward end to the rearward end of said second bar for pivotal movement coplanar with said first and second bars;[4]

connection means connected to rearward ends of said pivot arms for selective removable connection to a vehicle to be towed;[5]

means connected to said first pivot arm and first bar for selectively locking said first pivot arm and first bar in axial alignment;

means connected to said second pivot arm and second bar for selectively locking said second pivot arm and second bar in axial alignment;[6]]

said rearward portion further including a pivot block having upper and lower surfaces, forward and rearward ends, and opposing side surfaces, pivotally connected to said forward portion on a generally horizontal pivot axis extending through said side surfaces of the pivot block;

said pivot bolt being mounted through the upper and lower surfaces of said pivot block, rearwardly of and perpendicular to the pivot block pivot axis, so as to pivot with said pivot block;

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[4] These two clauses were included in application claim 2.

[5] This clause was included in application claims 1 and 2.

[6] These two clauses were included in application claim 3.

> said pivot block connected for pivotal movement between a storage position, wherein the pivotal plane of the [arms and] bars is generally vertical, and a towing position, wherein the pivotal plane of the [arms and] bars is generally horizontal.[7]

The substitute reissue declaration provides adequate support for this claim. The only differences between reissue claim 1 and original patent claim 1 result from the deletion of the limitations that appeared in application claims 2 (clauses 4-6) and 3 (clauses 7-8) and the deletion of the reference to "arms" in clause 11, which was necessitated by the deletion of the pivot arms clauses (clauses 4-6). These differences are specified in the substitute reissue declaration by the reference to the error of including the limitations of application claims 2 and 3 and in the table, which specifies the deletion of the requirement for pivot arms and the deletion of the corresponding connection means. The declaration explains how this error arose and states that it arose without deceptive intent. The declaration therefore satisfies the requirements of Rule 175 with respect to reissue claim 1.

Reissue Claims 2 and 3

The words of reissue claims 2 and 3 are unchanged from the original patent, but their scope is different because they depend from reissue claim 1, which was amended in the reissue. Because the substitute reissue

[7] These three clauses were included in application claim 4.

declaration adequately supports reissue claim 1, it also adequately supports reissue claims 2 and 3.

Reissue Claim 4

Reissue claim 4 is set forth below:

> 4. The hitch of claim 1, further comprising
>
> a first pivot arm having a forward end and a rearward end, said first pivot arm pivotally connected at said forward end to the rearward end of said first bar for pivotal movement coplanar with said first and second bars;
>
> a second pivot arm having a forward end and a rearward end, said second pivot arm pivotally connected at said forward end to the rearward end of said second bar for pivotal movement coplanar with said first and second bars; and
>
> connection means connected to said rearward ends of said pivot arms for selective removable connection to said vehicle to be towed.

Reissue claim 4 depends from reissue claim 1. As discussed above, reissue claim 1 solves the error identified in the declaration of including the subject matter of application claims 2 and 3 in the base claim because reissue claim 1 does not include the limitations of application claims 2 and 3. Reissue claim 4 recites the limitations of application claim 2. Thus, reissue claim 4 includes the limitations of application claim 2 but does not include the limitations of application claim 3.

The substitute reissue declaration does not support reissue claim 4. As discussed above, the reissue declaration states that it was an error to include the limitations of application claims 2 *and* 3. It does not, however, identify

as an error the failure to include a claim including the limitations of application claim 2 but not including the limitations of application claim 3. There is no separate discussion of the error of including the limitations of application claim 3. Although the table indicates that reissue claim 4 does not require the locking means (which was recited in application claim 3), that statement is not sufficient to satisfy Rule 175 because it does not specify the error, explain how the error arose, or state that the error arose without deceptive intent.

Reissue Claim 5

Reissue claim 5 is set forth below:

> 5. The hitch of claim 4, further comprising:
>
> means connected to said first pivot arm and first bar for selectively locking said first pivot arm and first bar in axial alignment; and means connected to said second pivot arm and second bar for selectively locking said second pivot arm and second bar in axial alignment.

Reissue claim 5 depends from reissue claim 4, and reintroduces the limitations of application claim 3. According to the table in the substitute reissue declaration, there is "[n]o substantive difference in scope" between reissue claim 5 and original patent claim 1.

The substitute reissue declaration does not support reissue claim 5. First, this claim depends from a claim that is not supported by the reissue declaration (reissue claim 4). In addition, there is no mention in the declaration of an error associated with failing to include a dependent claim that is of essentially the same scope as original patent

claim 1. Finally, claim 5 does not correct any of the errors identified in the substitute reissue declaration because it includes the limitations of both application claims 2 and 3 and recites a "pivot block."

Reissue Claim 6

Reissue claim 6 is set forth below:

> 6. A towing hitch, comprising:
>
> a frame having a forward portion for selective removable connection to a towing vehicle, and a rearward portion for selective removable connection to a vehicle to be towed;
>
> said forward portion including a generally horizontally forwardly extending member adapted for selectively lockable receipt within a conventional receiver hitch;
>
> said rearward [sic] including first and second elongated bars having forward and rearward ends, the forward ends of said bars pivotally connected to a pivot bolt for pivotal movement within the same plane about said pivot bolt;
>
> said rearward portion further including a pivot member having upper and lower surfaces, forward and rearward ends, and opposing side surfaces, pivotally connected to said forward portion on a generally horizontal pivot axis extending through said side surfaces of the pivot member;
>
> said pivot bolt being mounted through the upper and lower surfaces of said pivot member rearwardly of and perpendicular to the pivot member pivot axis, so as to pivot with said pivot member;

said pivot member connected for pivotal movement between a storage position, wherein the pivotal plane of the bars is generally vertical, and a towing position, wherein the pivotal plane of the bars is generally horizontal.

Reissue claim 6 is similar to reissue claim 1 except that the term "pivot member" is used instead of the term "pivot block" in the last three clauses. This claim therefore addresses the error of including the limitations of application claims 1 and 2 and the error of reciting a "pivot block."

The substitute reissue declaration does not support this claim. The table indicates that one difference between reissue claim 6 and original claim 1 is that reissue claim 6 requires a "pivot member" instead of a "pivot block," but the text of the declaration does not mention the "pivot member" limitation. Although the declaration states that it was an error to recite a "pivot block" because it is believed that a "pivot means" would have been allowable, it does not specify that the failure to include a claim reciting a "pivot member" instead of a "pivot block" was an error, does not specify how that error arose, and does not state that the error arose without deceptive intent.

Reissue Claim 7

Reissue claim 7 is set forth below:

7. A towing hitch, comprising:

a frame having a forward portion for selective removable connection to a towing vehicle, and a rearward portion for selective removable connection to a vehicle to be towed;

> said forward portion including a generally horizontal forwardly extending member adapted for selectively lockable receipt within a conventional receiver hitch;
>
> said rearward portion including first and second elongated bars having forward and rearward ends, the forward ends of said bars pivotally connected to a pivot bolt for pivotal movement within the same plane about said pivot bolt;
>
> said rearward portion further including pivot means for pivotal movement of said rearward portion about a transverse horizontal axis, said transverse horizontal axis located forwardly of and perpendicular to said pivot bolt, said pivot means allowing for pivotal movement of said rearward portion between a storage position, wherein the pivotal plane of the bars is generally vertical, and a towing position, wherein the pivotal plane of the bars is generally horizontal.

Reissue claim 7 is similar to reissue claim 1 except that in place of the last three clauses of reissue claim 1 there is a single clause that, instead of reciting a "pivot block" and related structural features, recites "pivot means for pivotal movement of said rearward portion about a transverse horizontal axis. . . ."

The substitute reissue declaration discusses the error of reciting a "pivot block" instead of "pivot means," and mentions the functions performed by the pivot means. However, reissue claim 7 appears to be broader than original patent claim 1 with respect to the relationship between the pivot means and the pivot bolt. Claim 1 of the original patent recites that the pivot bolt is "mounted through the upper and lower surfaces of said pivot block,

rearwardly of and perpendicular to the pivot block pivot axis." Reissue claim 7 recites that the "transverse horizontal axis," the pivot axis of the pivot means, is "located forwardly of and perpendicular to said pivot bolt," but does not appear to require that the pivot bolt be mounted through the upper and lower surfaces of the pivot means. This difference is not mentioned in the reissue declaration; therefore, the declaration does not satisfy the requirements of Rule 175 with respect to reissue claim 7.

Reissue Claims 8-10

Reissue claims 8-10 correspond to original claims 1-3. Because they are not changed from the claims of the original patent, they need not be supported by the reissue declaration. *See Hewlett-Packard Co. v. Bausch & Lomb Inc.*, 882 F.2d 1556, 1566-67, 11 USPQ2d 1750, 1759 (Fed. Cir. 1989) (citing *Gage v. Herring*, 107 U.S. 640 (1883)). We reject Automatic's arguments that there is some significance in the fact that these claims were not included in the reissue application when it was first filed or in the fact that the examiner failed to renumber these claims as claims 1-3 of the reissue patent.

We have carefully considered and reject the parties' other arguments. Specifically, although Dethmers argues that an issued patent cannot be invalidated for failure to satisfy Rule 175, *Nupla* clearly holds the contrary. *Nupla*, 114 F.3d at 195, 42 USPQ2d at 1715 (affirming the district court's determination that a reissue patent was invalid because the reissue declaration did not satisfy the requirements of Rule 175). Moreover, we agree with the district court that Automatic's arguments regarding the nature of the errors corrected in the reissue patent and the

lack of identity of invention between the reissue claims and the original patent claims do not withstand scrutiny. *See, e.g.*, *Dethmers I*, 23 F. Supp. 2d at 1014-20.

We therefore affirm the district court's judgment with respect to the invalidity of reissue claims 4-7, but reverse the district court's judgment with respect to the invalidity of reissue claims 1-3 and 8-10.

II.

We turn now to Automatic's cross-appeal. As indicated above, the district court granted Dethmers' motion for summary judgment that it did not literally infringe the '166 patent. The court also ruled that prosecution history estoppel barred application of the doctrine of equivalents to the '166 patent. It is the latter ruling that Automatic appeals.

Prosecution history estoppel is a legal limitation on the doctrine of equivalents. *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 234 F.3d 558, 586, 56 USPQ2d 1865, 1886 (Fed. Cir. 2000) (en banc), *cert. granted*, 121 S.Ct. 2519 (June 18, 2001). We therefore review *de novo* the district court's determination that prosecution history estoppel prevents Automatic from asserting that Dethmers infringes the '166 patent under the doctrine of equivalents.

When a claim is narrowed for any reason related to the statutory requirements for a patent, prosecution history estoppel will arise with respect to the amended claim limitation and will bar an application of the doctrine of equivalents with respect to that claim limitation. *Festo*,

234 F.3d at 563-64, 56 USPQ2d at 1868. The claim limitations that Automatic asserts are infringed by equivalents were amended during prosecution in a manner that narrowed the scope of the claims. Automatic argues that the amendments do not give rise to prosecution history estoppel because they were not made to avoid the prior art and because they were made voluntarily. *Festo* makes clear however, that amendments made for reasons other than to avoid prior art and voluntary amendments can give rise to prosecution history estoppel. *Id.* Because Automatic has not established that the amendments were made for a purpose unrelated to patentability, we affirm the district court's determination that prosecution history estoppel bars the application of the doctrine of equivalents to the amended claim limitations, *see id.* at 586, 52 USPQ2d at 1886, and its grant of Dethmers' motion for summary judgment of non-infringement.

CONCLUSION

With respect to Dethmers' appeal, we determine that the substitute reissue declaration supports claims 1-3 and 8-10 of U.S. Patent No. Re. 35,482 as required by Rule 175, but does not adequately support claims 4-7. With respect to Automatic's cross-appeal, we affirm the district court's decision that prosecution history estoppel bars application of the doctrine of equivalents. The case is remanded for further proceedings consistent with this opinion.

AFFIRMED-IN-PART, REVERSED-IN-PART and *REMANDED.*

COSTS

Each party shall bear its own costs.

DYK, *Circuit Judge*, concurring-in-part and dissenting-in-part.

I respectfully dissent from the majority's refusal to defer to the PTO's interpretation of its own regulations. This case involves no issue of statutory construction. Nor does it involve any questions as to the validity of the 37 C.F.R. § 175 ("Rule 175"), which is plainly statutorily authorized. *See* 35 U.S.C. § 2; *United States v. Mead Corp.*, 121 S. Ct. 2164, 2171 (2001). Rather, the sole issue is whether the Patent and Trademark Office ("PTO") properly interpreted its own regulation concerning the requirements for a declaration in a reissue proceeding.

The PTO, at our invitation, has filed an *amicus curiae* brief urging that we give substantial deference to the PTO's interpretation.[1] The majority declines to give deference to the PTO's interpretation of its own regulation and

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[1] The PTO urged that "the agency's interpretation and application of its own regulations . . . should receive substantial deference, unless plainly erroneous. *Bowles v. Seminole Rock & Sand Co.*, 325 U.S. 410, 414 (1945)." In this case, the PTO argued substantial deference was due because "acceptance of the [substitute] declaration necessarily involved the agency's interpretation and application of its own regulation . . . [and thus] the agency's interpretation and application should be deemed controlling unless plainly erroneous."

holds that our earlier decisions in *In re Constant*, 827 F.2d 728, 3 USPQ2d 1479 (Fed. Cir. 1987), and *Nupla Corp. v. IXL Manufacturing Co.*, 114 F.3d 191, 42 USPQ2d 1711 (Fed. Cir. 1997), require us to apply a *de novo* standard of review. I disagree. Applying the proper standard of review, I conclude that we should reverse the district court's holding of invalidity as to all the claims.

The standard of review issue was not directly addressed in either *Constant* or *Nupla*, and those cases do not even mention the pertinent Supreme Court decisions, which are discussed below. The panel is not bound by an implied holding of our earlier decisions. We have recognized that a decision applying a particular rule is not binding precedent if the issue was not discussed by the court. *See, e.g., Special Devices, Inc. v. OEA, Inc.*, 2001 U.S. App. LEXIS 23205 at *16-17 (Fed. Cir. Oct. 30, 2001) (Although a prior decision of this court ruling on an issue may have implied that the lower court issued a final decision with respect to the issue, the question of "finality . . . was raised neither by the parties nor *sua sponte* by [this] court. Because [the prior decision] did not confront and decide the same issue, it is not precedent on the question before us.); *United States v. County of Cook, Illinois*, 170 F.3d 1084, 1088 (Fed. Cir. 1999) (stating that prior decisions of this court that did not squarely address an issue are not binding precedent); *Nat'l Cable Television Ass'n v. Am. Cinema Editors, Inc.*, 937 F.2d 1572, 1581, 19 USPQ2d 1424, 1431 (Fed. Cir. 1991) ("When an issue is not argued or is ignored in a decision, such decision is not precedent to be followed in a subsequent case in which the issue arises."); *see also Brown Shoe Co. v. United States*, 370 U.S. 294, 307 (1962) ("[w]e are not bound by previous exercises of jurisdiction in cases in which our power to act

was not questioned but was passed *sub silentio*. . . ."); *Brecht v. Abrahamson*, 507 U.S. 619, 631 (1993) (reaffirming longstanding rule that if a decision does not "squarely addres[s] [an] issue," a court remains "free to address the issue on the merits" in a subsequent case).

In any event, *Constant* and *Nupla* preceded the seminal Supreme Court decision in *Dickinson v. Zurko*, 527 U.S. 150, 50 USPQ2d 1930 (1999). There the Supreme Court held that the standards of the Administrative Procedure Act ("APA"), 5 U.S.C. § 706, apply to our review of the PTO. *Id.* at 165, 50 USPQ2d at 1937. Until that decision we had reviewed PTO fact-finding for clear error, rather than affirming the PTO's fact-finding unless it was arbitrary, capricious, an abuse of discretion, or unsupported by substantial evidence, as demanded by the APA. *Id.* at 153, 50 USPQ2d at 1932. The Court rejected the argument that "review of the PTO's patent denials demands a stricter fact-related review standard than is applicable to other agencies." *Id.* at 165, 50 USPQ2d at 1937. Thus, we were clearly told that under the APA the PTO is to be treated like any other agency.

Applying the approach of *Zurko*, I conclude that we are obligated by clear Supreme Court precedent to give deference to the PTO's own interpretation of its regulations. Recently, in *United States v. Cleveland Indians Baseball Co.*, 121 S. Ct. 1433, 1445 (2001) the Court held that an agency's interpretation of its own regulations "attracts substantial judicial deference." There, the question was whether back wages should be taxed by reference to the year they should have been paid or by reference to the year they were actually paid. The Court deferred to the Internal Revenue Service's ("IRS") interpretation of its own regulations to resolve the question. *Id.* at 1444-45.

Because the agency's interpretations of its regulations were reasonable, they were entitled to deference. *Id.*

This rule of deference is not new. Giving deference to agency interpretations of their own regulations has long been the rule. *See Udall v. Tallman*, 380 U.S. 1, 16 (1964) (holding that when [sic] "[w]hen faced with a problem of statutory construction, this Court shows great deference to the interpretation given the statute by the officers or agency charged with its administration. . . . When the construction of an administrative regulation rather than a statute is in issue, deference is even more clearly in order."); *Bowles v. Seminole Rock & Sand Co.*, 325 U.S. 410, 414 (1945) (holding that an agency's interpretation of its own regulation is controlling unless plainly erroneous or inconsistent with the regulation); *see also Vt. Yankee Nuclear Power Corp. v. Natural Res. Def. Council, Inc.*, 435 U.S. 519, 524 (1978) ("[T]his Court has for more than four decades emphasized that the formulation of procedures was basically to be left within the discretion of the agencies to which Congress had confided the responsibility for substantive judgments."); *Fed. Power Comm'n v. Transcon. Gas Pipe Line Corp.*, 423 U.S. 326, 333-34 (1976) ("The Court, it is true, has power to affirm, modify, or set aside the order of the Commission in whole or in part. . . . But that authority is not power to exercise an essentially administrative function.")

We have frequently deferred to agency interpretations of their own rules, most recently, in *American Express Co. v. United States*, 262 F.3d 1376 (Fed. Cir. 2001). In that case, a taxpayer contested the IRS's interpretation of its own Revenue Procedure to include certain revenue of the taxpayer as taxable income in a particular tax year. The Revenue Procedure at issue had been promulgated by the

IRS to clarify the year in which certain income had to be included as taxable income. We held that when confronted with a question regarding the IRS's interpretation of its own Revenue Procedure that "substantial deference is paid to an agency's interpretations reflected in informal rulings." *Id.* at 1382-83 (citing *Auer v. Robbins*, 519 U.S. 452, 461 (1997); *Cleveland Indians Baseball Co.*, 121 S. Ct. at 1445; *So. Calif. Edison Co. v. United States*, 226 F.3d 1349, 1356-57 (Fed. Cir. 2000)).

In other contexts we have even deferred to the PTO's interpretation of its own regulations. *See Hyatt v. Boone*, 146 F.3d 1348, 1355, 47 USPQ2d 1128, 1133 (Fed. Cir. 1998). In *Hyatt*, the junior party in an interference proceeding challenged the effective filing date accorded to the senior party by the PTO. The senior party obtained the challenged filing date through a chain of ten continuation applications, two of which the junior party alleged were invalid for failure to comply with certain regulations governing the prosecution of continuation applications in the PTO. Specifically, the junior party alleged that two of the ten applications were filed under the "streamlined" procedures of 37 C.F.R. § 1.60 ("Rule 60") with photocopies of the prior specification and prior oath, but contained amended claims. Because those applications contained amended claims, the junior party alleged that they required a new oath and thus could not properly have been filed under Rule 60. Neither the PTO nor the administrative patent judge in the interference proceeding found that Rule 60 had been violated. We stated that:

> The issue here raised is not one of substantive continuity of disclosure, but solely of whether a photocopy of the prior oath, instead of a new oath, was acceptable for filing, when it was in

> fact accepted for filing. *Any technical deficiency in meeting the formal requirements of Rule 60 must be viewed in light of the agency's acceptance of the applications as in compliance with the Rule.* Regularity of routine administrative procedures is presumed, and departure therefrom, should such have occurred, is not grounds of collateral attack. *Courts should not readily intervene in the day-to-day operations of an administrative agency, especially when the agency practice is in straightforward implementation of the statute.*

Id. at 1355-56, 47 USPQ2d at 1133 (emphases added). Thus, we found no error in the decisions of the PTO to grant, and the administrative patent judge to uphold, the effective filing date accorded to the senior party. *Id.* at 1356, 47 USPQ2d at 1133.

Here, as in *American Express* and *Hyatt*, the agency has already decided the issue we now review. As the majority notes, the patent examiner rejected Dethmers's first reissue declaration because it failed to comply with Rule 175, but accepted the substitute declaration Dethmers submitted. *Ante* at 3. The examiner demonstrated that he considered and decided the exact issue we now review. In *Thomas Jefferson University v. Shalala*, 512 U.S. 504, 512 (1994), the Supreme Court held that deference is due to an agency's interpretation of a regulation announced in agency proceedings, as is the case here. There, the Court gave deference to Secretary of Health and Human Service's interpretation, rendered in an administrative proceeding, of the Service's regulations to deny reimbursement for certain costs because "[w]e must give substantial deference to an agency's interpretation of its own regulations." *Id.*

There is simply no basis for treating the PTO differently from any other administrative agency. Indeed, there is more reason to defer to the PTO here. Rule 175 was promulgated under authority of 35 U.S.C. § 2(b)(2)(A) which authorizes the PTO to "establish regulations, not inconsistent with law, which shall govern the conduct of proceedings in the Office." Rule 175 is a procedural rule which sets forth a mechanism for the PTO to obtain the information it needs to determine if a reissue application complies with 35 U.S.C. § 251,[2] but does not involve a substantive interpretation of the statute. This delegation of authority to the PTO to promulgate rules governing its own procedure is appropriate because it "helps guarantee that the rules will be written by 'masters of the subject' . . . who will be responsible for putting the rules into effect." *Cleveland Indians Baseball Co.*, 121 S. Ct. at 1444 (quoting *Nat'l Muffler Dealers Ass'n, Inc. v. United States*, 440 U.S. 472, 477 (1979)). The PTO is a highly specialized agency charged with, *inter alia*, administering the grant and issuance of patents. This court does not sit as a committee of revision to perfect the PTO's internal administration of patent issuance procedures. *Cf. Cleveland Indians Baseball Co.*, 121 S. Ct. at 1445.

Applying the proper deferential standard of review, I, of course, agree with the majority's holding that claims 1-3

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[2] 35 U.S.C. § 251 permits reissue of a patent if the originally issued patent "through error without any deceptive intention, [is] deemed wholly or partly inoperative or invalid, by reason of a defective specification or drawing, or by reason of the patentee claiming more or less than he had a right to claim in the patent. . . . "

and 8-10 are not invalid. However, I disagree with the majority's holding that claims 4-7 are invalid. The fundamental difference between the PTO's interpretation of its regulation and the panel's interpretation is that the PTO requires reasonable compliance with the regulation's requirements while the panel allows almost no room for error, requiring almost perfect compliance. To be sure, the panel suggests that "word-for-word correspondence is [not] required between a reissue declaration and the changes made in a reissue application," *ante* at 7, but in practice the panel finds minor departures from a strict reading of the rule to be fatal to the claims.

Reissue claim 4 depends from reissue claim 1 and further includes the limitations of application claim 2. The examiner's conclusion that the substitute declaration complies with the regulation by identifying the error of failing to include reissue claim 4 in the original patent is reasonable. The declaration states that it was error to include "the subject matter of [application] claims 2 and 3" in the originally issued claim 1. From this it was reasonable for the examiner to conclude that it was error to include subject matter of application claim 2 in originally issued claim 1, and it was error to include subject matter of application claim 3 in originally issued claim 1. Interpretation of Rule 175 as not requiring separate mention of the failure to include a claim with the subject matter of claim 2 but without the subject matter of claim 3 was reasonable.

The examiner could also properly conclude that reissue claim 5 complies with the regulation. The majority attaches significance to the fact that reissue claim 5 depends from a claim (reissue claim 4) which the majority holds invalid. But this has no import since "dependent . . .

claims shall be presumed valid even though dependent upon an invalid claim." 35 U.S.C. § 282. Next, the majority finds that the declaration does not support reissue claim 5 because it does not mention any error associated with a failure to include in the originally issued patent a dependent claim that is essentially the same as original claim 1. But Rule 175 only applies when the patentee "claimed more or less than he had a right to claim" in the original patent and only requires an explanation "specifying the excess or insufficiency in the claims." 37 C.F.R. § 1.175. Reissue claim 5, as the majority concedes, is "essentially of the same scope as original claim 1," *ante* at 13, and thus the examiner could properly conclude that an explanation for it is not even required under Rule 175. Finally, the majority is correct to point out that "claim 5 does not correct any of the errors identified in the substitute reissue declaration," *ante* at 14, but this is simply because it is substantially identical to original claim 1, and therefore the examiner could reasonably conclude that it need not (and necessarily *cannot*) correct any errors in the original patent. Under these circumstances, the examiner reasonably concluded that Rule 175 required nothing more from the declaration with respect to reissue claim 5.

Although the majority holds that reissue claim 1 is supported by the substitute declaration, it finds reissue claim 6 invalid merely because the "text of the declaration does not mention the 'pivot member' limitation." *Ante* at 15. But the declaration specifically mentions that it was error to "use . . . the potentially structurally limiting term 'pivot block' in original [application] claim 4. . . . [when it was] believed that the term 'pivot means' would have been equally allowable. . . ." The declaration then explained how this error arose and that it arose without deceptive intent.

It was reasonable for the examiner to conclude that the regulation's requirements were satisfied by use of the term "pivot member" to correct the use of the "potentially structurally limiting term 'pivot block'" in the originally issue [sic] patent claim, and the declaration supports the examiner's conclusion.

The majority points out that reissue claim 7 "appears to be broader than original patent claim 1. . . ." *Ante* at 16. This is exactly so and is entirely proper, because the purpose of the broadening reissue (as the patentee stated in the Rule 175 declaration) was to correct the patentee's failure to claim all that he had a right to claim in the originally issued patent. The majority invalidates reissue claim 7 because that claim does not include limiting structural language that existed in originally issued claim 1. But the patentee explained this in his declaration when he pointed out the "second error which arose in the claims [due to] the use of the potentially structurally limiting term 'pivot block' in the original [application] claim 4. . . ." The patentee explained in his declaration that he sought to correct this error by using the term "pivot means." The examiner's interpretation of Rule 175 to allow such support was reasonable.

For these reasons, I respectfully dissent from the majority's holding that claims 4-7 are invalid.

IN THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF IOWA WESTERN DIVISION

DETHMERS MANUFACTURING COMPANY, INC., Plaintiff, vs. AUTOMATIC EQUIPMENT MFG. CO., Defendant.	No. C 96-4061-MWB **MEMORANDUM OPINION AND ORDER REGARDING DEFENDANT'S MOTION TO DISMISS OR IN THE ALTERNATIVE FOR PARTIAL SUMMARY JUDGMENT, FOR MORE DEFINITE STATEMENT, AND TO STRIKE; DEFENDANT'S MOTION FOR SUMMARY JUDGMENT OF PATENT INVALIDITY; AND PLAINTIFF'S MOTION FOR SUMMARY JUDGMENT OR IN THE ALTERNATIVE FOR PARTIAL SUMMARY JUDGMENT**

(Filed Sep. 29, 1998)

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The adage "the devil is in the details" perhaps applies with greater felicitousness to patent law than to any of the

other arcane and abstruse areas of the law that might keep a federal judge awake at night. However, in addition to uniquely patent issues, this case also involves a number of peculiar questions of state law, including which state's law is applicable, whether under that state's law punitive damages are available on contract and tort claims, and what is the scope of state-law protection for unpatented ideas or inventions. The court must face these "devils" and, recognizing the details, render its best conclusions.

I. INTRODUCTION

A. Procedural Background

Plaintiff Dethmers Manufacturing Company, Inc., filed this action on June 26, 1996, seeking primarily a declaratory judgment, pursuant to 28 U.S.C. §§ 2201 and 2202, of non-infringement of a patent owned by defendant Automatic Equipment Manufacturing Company and declaratory, injunctive, and damages relief for Automatic's alleged infringement of one of Dethmers's patents. The patents in suit involve tow bars for towing an automobile behind a recreational vehicle and the parties make such tow bars based on their respective patents. Dethmers is an Iowa corporation with its principal place of business in Boyden, Iowa. Automatic is a Nebraska corporation with its principal place of business in Pender, Nebraska.

Dethmers was granted leave to file an amended complaint on April 24, 1997, and leave to file a second supplemental amended complaint on November 20, 1997. Count I of the second supplemental amended complaint seeks declaratory judgment that the products Dethmers manufactures do not infringe one of Automatic's patents, specifically United States Patent No. 5,356,166 (the '166

patent or the Automatic patent), that the '166 patent is invalid and unenforceable, and that Automatic is without right or authority to threaten or to maintain suit against Dethmers for alleged infringement of the '166 patent. Count II seeks damages for, as well as injunctive and declaratory relief from, infringement by Automatic of Dethmers's own patent, United States Patent No. Re32,482 (the Re482 patent or the Dethmers reissue patent), which is a reissue of United States Patent No. 5,232,240 (the '240 patent or the Johnson patent), a patent Dethmers alleges it acquired from the successors in interest to the inventor, Andrew B. Johnson of Barton, North Dakota. Count III seeks compensatory and punitive damages and injunctive relief for Automatic's alleged breach of a contract with Dethmers, as the assignee of Richard A. Parent, not to produce products incorporating the "Parent Invention" without permission or payment of consideration. Count IV seeks compensatory and punitive damages and injunctive relief for "statutory" misappropriation by Automatic of a trade secret, the "Parent Invention." Count V is a comparable "common-law" claim of misappropriation of a trade secret, also seeking compensatory and punitive damages and injunctive relief. Count VI alleges conversion of the "Parent Invention" and seeks compensatory and punitive damages and injunctive relief. Count VII alleges misappropriation of the "intellectual property" of Dethmers, again identified as the "Parent Invention," and seeks compensatory and punitive damages and injunctive relief. Finally, Count VIII alleges unjust enrichment by Automatic as the result of its use of design concepts of the "Parent Invention" in its products, and seeks compensatory and punitive damages and injunctive relief.

Automatic answered Dethmers's original complaint on August 5, 1996, and asserted a counterclaim. Automatic answered the first amended complaint on May 29, 1997, again asserting a counterclaim. In its counterclaim, Automatic asserts that the '166 patent was duly and legally issued to Automatic and that Dethmers has engaged in continued intentional infringement of that patent. Automatic seeks a declaration that the '166 patent is valid and enforceable, an injunction permanently restraining Dethmers from infringing the '166 patent, an accounting and determination of profits from Dethmers's sales of infringing products, and damages trebled for willful infringement. Dethmers answered Automatic's counterclaim on June 9, 1997, and filed an amended reply to the counterclaim with its second supplemental amended complaint on November 20, 1997.

Instead of answering the second supplemental amended complaint, however, Automatic filed the first of the motions now before the court, its December 5, 1997, motion to dismiss or in the alternative for partial summary judgment, for more definite statement, and to strike. In that motion, Automatic seeks dismissal pursuant to FED. R. CIV. P. 12(b)(6) of, or in the alternative a grant of summary judgment pursuant to FED. R. CIV. P. 56 on, Dethmers's prayers for punitive damages on its state-law contract, quasi-contract, and tort claims, because punitive damages are prohibited under Nebraska law, the law Automatic argues is applicable to these claims under Iowa's conflict-of-laws or choice-of-law rules. Automatic also seeks dismissal of Count VI, Dethmers's conversion claim, pursuant to FED. R. CIV. P. 12(b)(6), on the ground that there can be no claim for conversion of intangible "ideas." Automatic prays for a more definite statement of

Dethmers's "statutory" misappropriation claim in Count IV, because Dethmers has failed to identify or specify any statute upon which the claim is based. As the final part of this motion, Automatic seeks to have Dethmers's Count VII, the claim for misappropriation of "intellectual property," stricken as redundant of the "statutory" and "common-law" misappropriation claims in Counts IV and V and the conversion claim in Count VI.

Next, on March 11, 1998, Automatic filed a motion for summary judgment on the invalidity of the Dethmers reissue patent, the Re482 patent. Automatic asserts that the alleged "error" in the original patent asserted by Dethmers in seeking the reissuance is not of the kind that justifies the granting of a reissue patent. Automatic also asserts that the Re482 patent is not for the same general invention as the original '240 patent, the Johnson patent. Finally, Automatic contends that the required declaration of the inventor or his representative in support of the application for a reissue patent is fatally defective. Therefore, Automatic seeks summary judgment on Count II of Dethmers's second supplemental amended complaint, which asserted Automatic was infringing the Re482 patent.

The last of the motions now before the court was filed by Dethmers on June 2, 1998. In that motion, Dethmers seeks summary judgment or in the alternative partial summary judgment. Dethmers asserts that it is entitled to summary judgment that it is not infringing Automatic's '166 patent on three grounds. First, Dethmers asserts that the patent is invalid, because claims **1** through **4** of the patent were anticipated by a latching device made by Weasler Engineering, and claim **5** of the patent is obvious in light of prior art including the Weasler device. Second,

Dethmers contends that the '166 patent is unenforceable because of inequitable conduct of Automatic in withholding reference to the Weasler device from the patent examiner. Third, Dethmers contends that, even if the '166 patent is valid and enforceable, Dethmers's products do not infringe the limitations of the claims in the '166 patent. Therefore, Dethmers seeks declaratory judgment that Dethmers does not infringe the '166 patent and summary judgment denying Automatic's counterclaim for infringement of the '166 patent.

All resistances and replies have now been filed to these three pending motions and the court heard oral arguments on the motions on September 22, 1998. Plaintiff Dethmers Manufacturing Company, Inc., was represented at the oral arguments by counsel David Tank of Davis, Brown, Koehn, Shors & Roberts, P.C., who argued the motions for Dethmers, and by counsel Brian J. Laurenzo and Michael Gilchrist of Dorsey & Whitney, LLP, in Des Moines, Iowa. Defendant Automatic Equipment Manufacturing Company was represented at the oral arguments by counsel Warren M. Haines II, who argued the patent motions, and counsel Donald R. Schoonover of Lathrop & Gage, L.C., in Kansas City, Missouri, and by counsel Tim Engler of Harding, Shultz & Downs in Lincoln, Nebraska, who argued the state-law motions. The arguments and briefing were of exceptional quality and very illuminating.

B. Factual Background

The court will discuss here only the nucleus of facts pertinent to the present motions to dismiss and for summary judgment or partial summary judgment. In its legal

analysis, the court will address where necessary the parties' arguments concerning the correct treatment of factual allegations or their assertions of genuine issues of material fact, which the parties contend are dispositive of the motions now before the court.

As mentioned above, both parties make tow bars, based on their respective patents, for towing an automobile behind a recreational vehicle. The court will focus here primarily on a description of the patents or inventions, and products embodying them, at issue in this lawsuit. However, to put those discussions in context, the court begins with some general observations. Until the 1990s, the parties appear to agree, most tow bars for towing another smaller vehicle behind a recreational vehicle (RV) used a conventional ball hitch on the RV and the tow bar itself remained attached to the towed vehicle, or could be detached only with some difficulty. To improve the safety of towing another vehicle and to improve the ease with which tow bars could be used, various makers developed a new generation of tow bars that replaced ball hitches with receiver hitches and, more importantly here, were designed to fold up easily on the RV when not in use, thus leaving the towed vehicle unencumbered for use. These new generation tow bars generally have two adjustable arms that are extended from the hitch to the front end of the towed vehicle, where they are attached by one means or another for towing. The arms, however, can be telescoped or folded, then folded up against the RV, for storage when not in use.

1. The '166 patent

The first tow bar patent at issue in this case is one of Automatic's patents, specifically, United States Patent No. 5,356,166, referred to in this litigation as the '166 patent. This patent is for an "Arrestably Lockable Telescoping Tow-Bar Assembly." It was applied for on July 12, 1993, and issued on October 18, 1994. It shows the inventors as Merton K. Hahne and William A. Bachman, and the assignee as Automatic Equipment Mfg. Co., of Pender Nebraska. Both Hahne and Bachman are engineers employed by Automatic. Figures 3 and 5 of the patent show the tow bar in its folded and towing positions, respectively:

FIG. 3

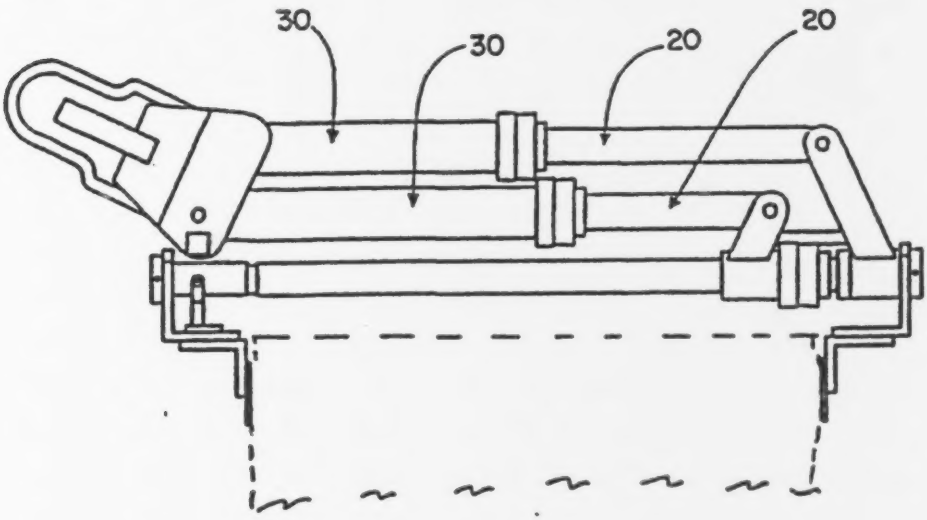
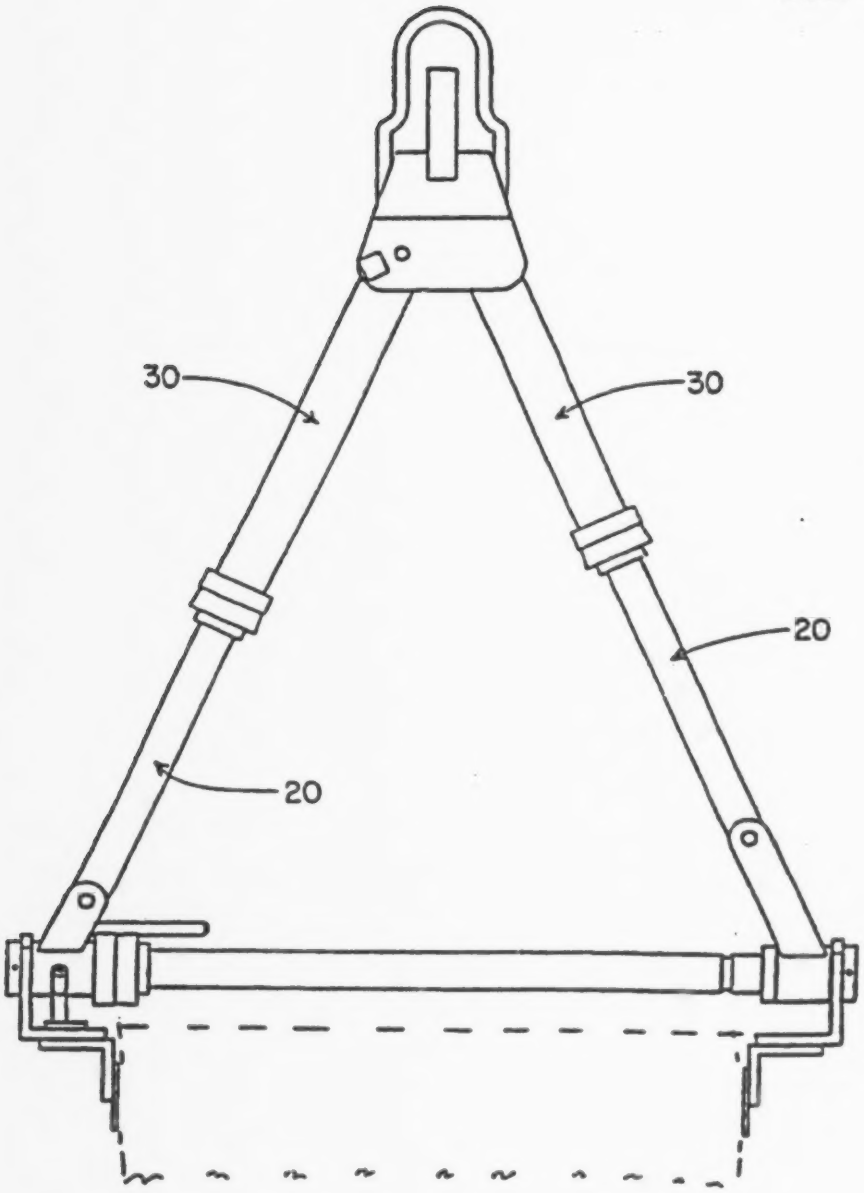


FIG. 5



See, e.g., Plaintiff's Statement of Uncontested Facts in Support of Its Motion for Summary Judgment or in the Alternative Partial Summary Adjudication, Exhibit 2

(United States Patent No. 5,356,166) (hereinafter Patent No. '166), Figs. 3 & 5.

The Abstract of the patent describes the invention as follows:

> An improved locking mechanism for an arrestably lockable telescoping tow bar assembly comprises a slidable latch member surrounding balls-containing sideward openings of an outer tube that are radially alignable with an outside groove of a telescopingly associated inner tube, the slidable latch member including a medial cam portion slidably surrounding the outer tube between a surrounding retainer ring augmentation therefor and the balls-containing sideward openings therefor; a cover slidably surrounding a trailward part of the slidable latch member and being trailwardly immovable along the outer tube; and a helical spring means actuatably extending between the cover member and the slidable latch member.

Patent No. '166, p. 1. The "improved locking mechanism" of the tow bar assembly, the focus of this litigation, is shown in Figures 1 and 2, which show the "unlocked" and "locked" positions, respectively.

FIG. 1

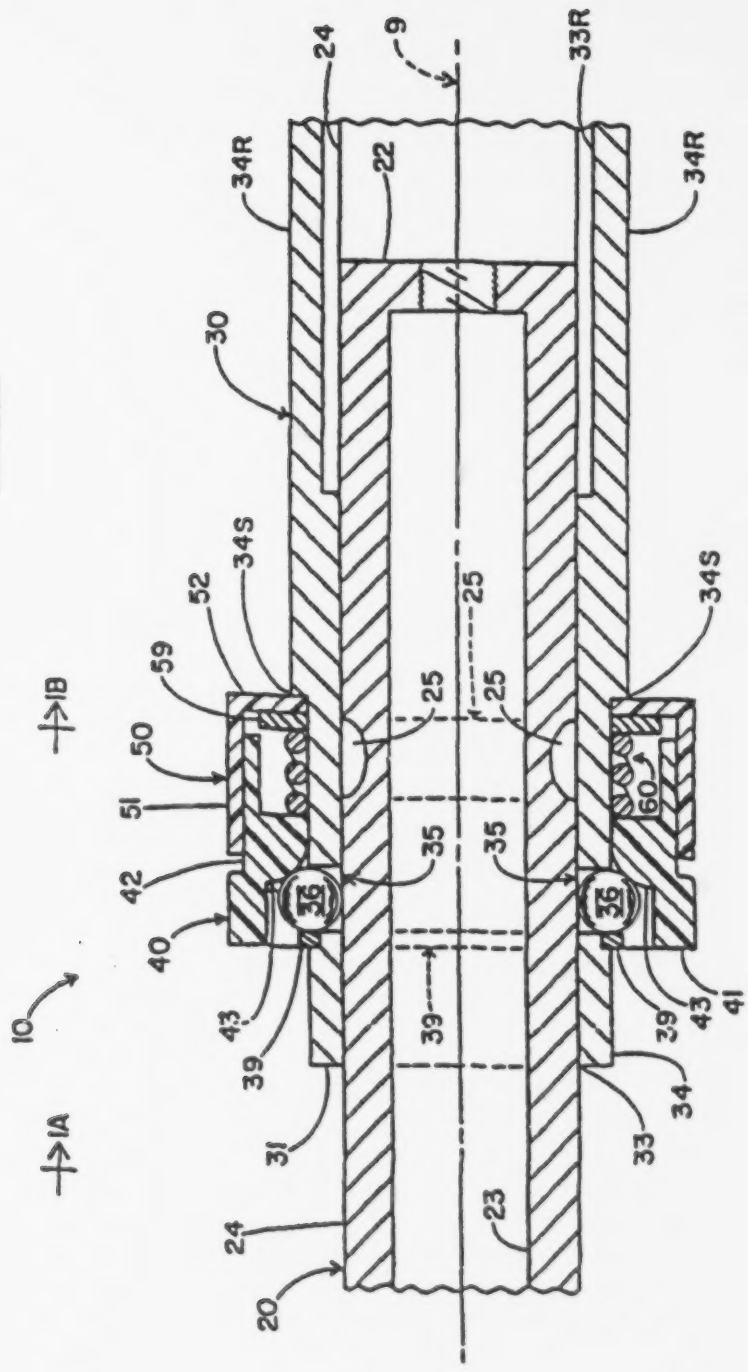

24
9
33R
34R
22
34R
30
34S
52
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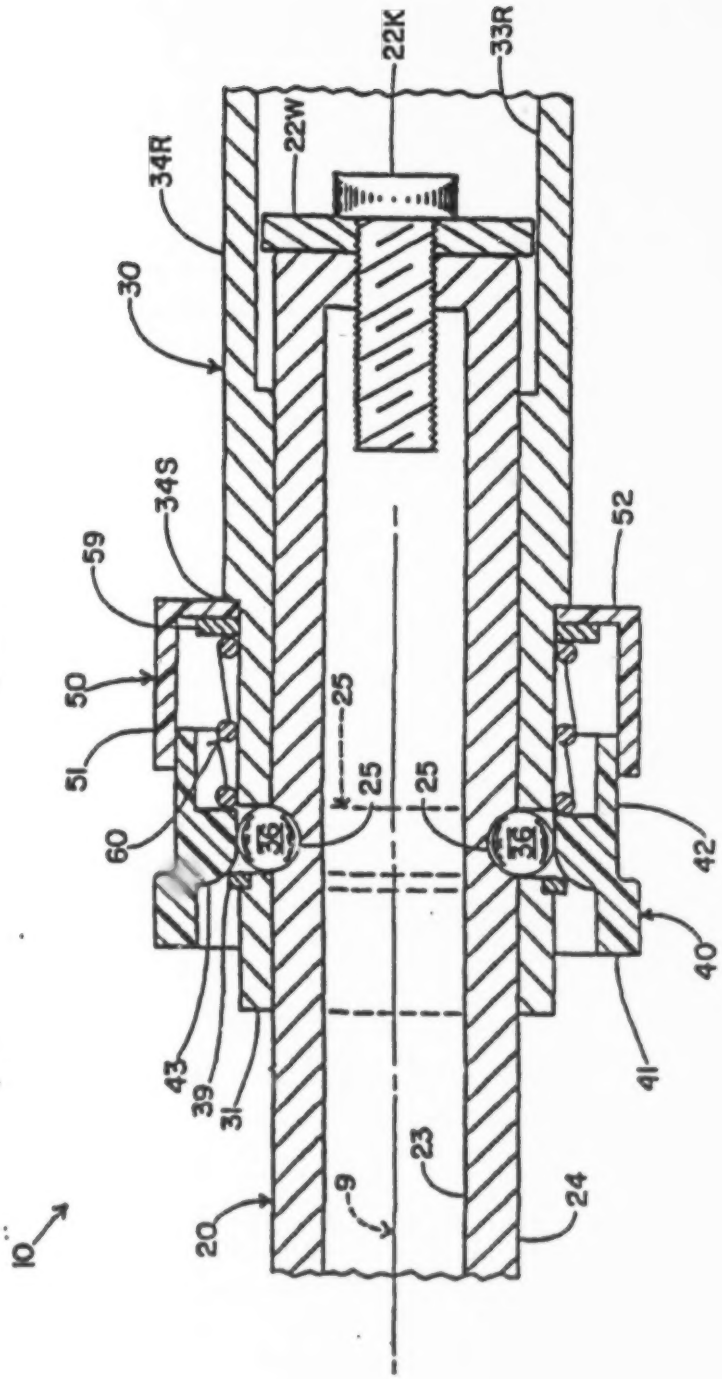
FIG. 2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33R
22W
34R
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34S
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2A
2B

Patent No. '166, Figs. 1 & 2. As can be seen from these figures, the telescoping inner tube (#20) is locked in place when the "balls" (#36) align with the "outside groove" (#25) on the inner tube and the balls are pushed down into the groove by the "cam" (#40), which is in turn pushed into the locking position by the "helical spring" (#60).

The claimed invention consists of five claims, only the first of which is "independent," and all the rest of which are "dependent" upon claim **1**.[1] In the words of the patent,

What is claimed is as follows:

> **1.** Arrestably Lockable Telescoping Tow-Bar Assembly comprising:
>
> (A) an inner-tube having an outer-surface concentrically surrounding a directionally longitudinally extending central-axis and having a trail-end directionally transversely intersecting said central-axis, said outer-surface being provided with at least one radially inwardly extending inward-groove circularly surrounding said central-

[1] Each claim of a patent is an independent invention, *see Laitram Corp. v. NEC Corp.*, 62 F.3d 1388, 1392 (Fed. Cir. 1995); however, a "dependent" claim contains all the limitations of the "independent" claim from which it depends. *See, e.g., Wahpeton Canvas Co., Inc. v. Frontier, Inc.*, 870 F.2d 1546, 1552 n.9 (Fed. Cir. 1989). In other words, an "independent" claim states its invention without reference to any other claim, while a "dependent" typically begins with a formula such as "the assembly of claim **1** wherein . . . " indicating from which numbered claim it depends. "One may infringe an independent claim and not infringe a claim dependent on that claim. The reverse is not true. One who does not infringe an independent claim cannot infringe a claim dependent on (and thus containing all the limitations of) that claim." *Wahpeton Canvas Co., Inc.*, 870 F.2d at 1552 n.9.

axis and located in a plane perpendicular to said central-axis;

(B) an outer-tube having a leadward-end directionally transversely intersecting said central-axis and having an outward-surface surrounding said central-axis and an inward-surface slidably surrounding said inner-tube outward-surface, said outer-tube being provided with a finite-plurality of equiangularly-spaced sideward-openings there-through that are radially and directionally transversely alignable with said inner-tube's outer-surface inward-groove, each said sideward-opening being provided with a spherical ball whose diameter slightly exceeds the radial dimension between the outer-tube outward-surface and inward-surface, and said outer-tube between a leadward-end thereof and said transversely aligned balls-provided sideward-openings being externally provided with a retainer ring that surrounds and extends directionally radially outwardly beyond said outer-tube outward-surface;

(C) a slidable latch member permanently surrounding said outer-tube balls-provided sideward-openings and including a leadward-part and a trailward-part radially outwardly spaced from the outer-tube outward-surface and further including a medially-located cam portion permanently located trailwardly of said retainer ring and slidably surrounding said outer-tube outward-surface;

(D) a cover having a leading-part slidably surrounding the slidable latch member trailward-part and being directionally trailwardly immovably restrained along the outer-tube; and

(E) helical spring means surrounding the outer-tube and actuatably extending directionally longitudinal between the cover member and the slidable latch member medially-located cam portion.

2. The assembly of claim **1** wherein a cover trailward-part immovably abuts an upright-shoulder portion of the outer-tube.

3. The assembly of claim **2** wherein the helical spring means actuatably extends between the slidable latch member medial cam portion and a said cover member's immovably restrained trailward-part.

4. The assembly of claim **1** wherein the retainer ring is located at said radially extending and transversely aligned array of outer-tube sideward-openings; and wherein said sideward-openings are spaced at equal angular increments about said externally grooved portion of the inner-tube.

5. The assembly of claim **3** wherein the outer-tube inward-surface includes a trailward-surface portion that is spaced radially outwardly away from the inner-tube outer-surface; and wherein the inner-tube at the trail-end thereof is provided with a centrally-perforate-washer flange means extending radially outwardly from the inner-tube outer-surface but which flange means is surrounded by the outer-tube trailward-surface, whereby there is provided a "safety

means" between the telescoping inner-tube and outer-tube.

Patent No. '166, cols. 4-6. The inspiration for and patent history of this invention will be discussed as required in the court's legal analysis below.

2. The Re482 patent

The second patent in suit is one of Dethmers's patents, specifically United States Patent No. Re32,482, which is referred to in this litigation as the Re482 patent or the Dethmers reissue patent. Because it is a "reissue" patent, it is first necessary to discuss the original patent upon which the Re482 patent is based, United States Patent No. 5,232,240, referred to herein as the '240 patent or the Johnson patent.

a. The '240 patent

Dethmers acquired the Johnson patent from the successors in interest to the inventor, Andrew B. Johnson of Barton, North Dakota. Those successors in interest were Andrew Johnson's widow and brother. This patent is for a "Towing Hitch." It was applied for on October 29, 1992, and issued on August 3, 1993, and shows the inventor as Andrew B. Johnson, with no assignee. Figures 1 and 4 of the patent show the tow bar in its towing and folded positions, respectively:

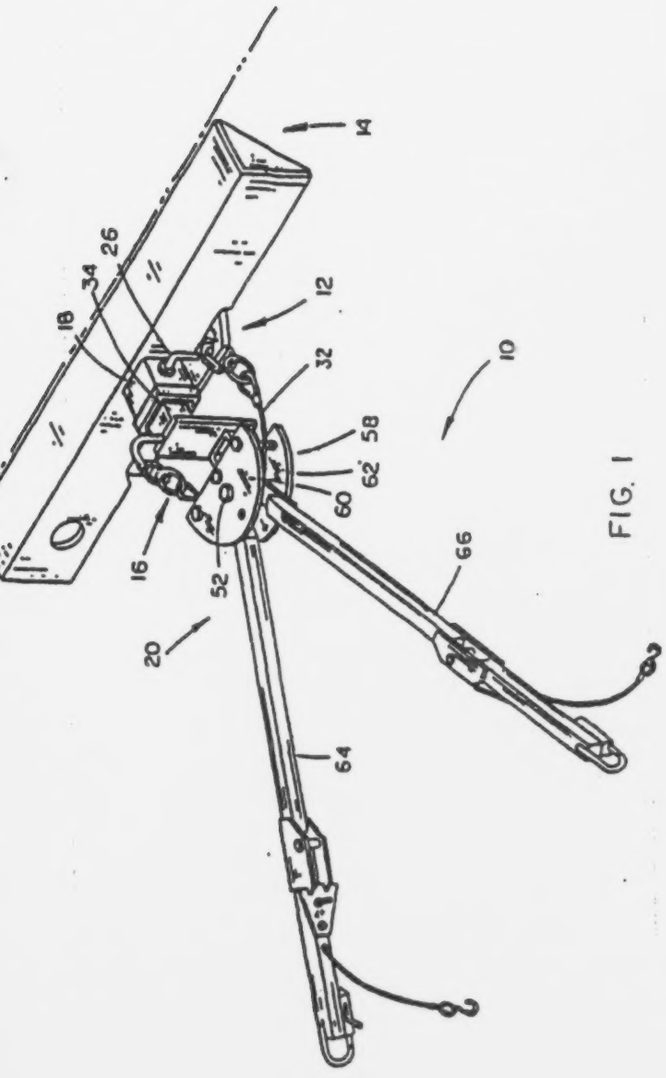
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FIG. 1

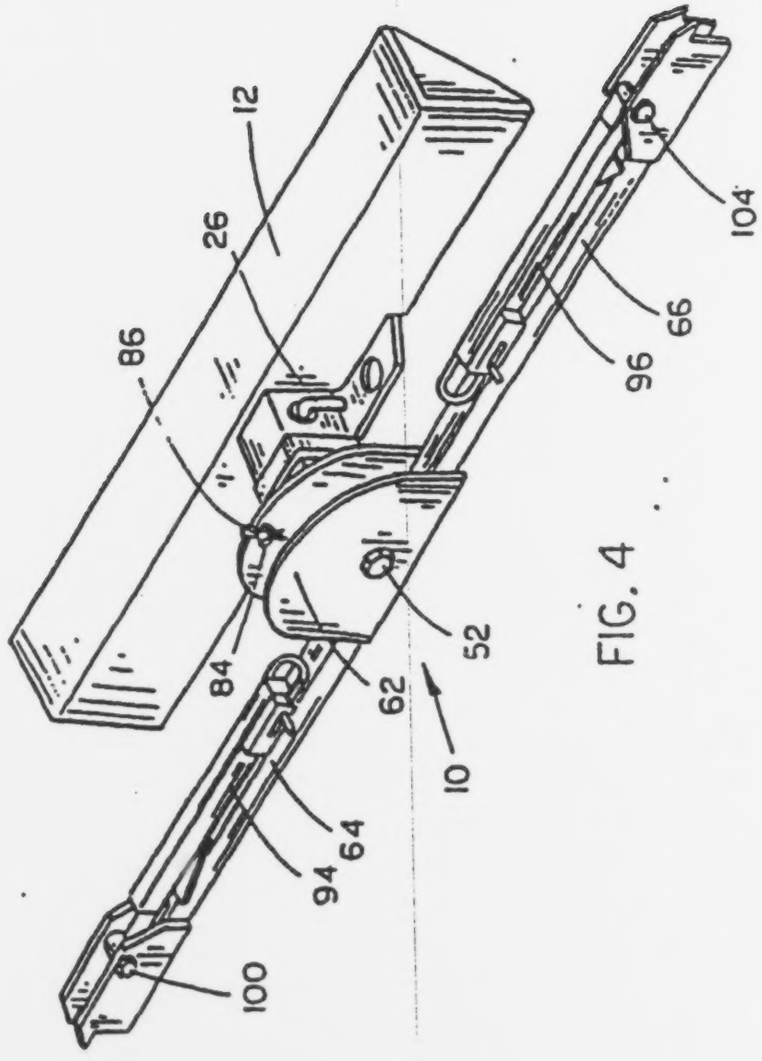
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FIG. 4

See, e.g., Defendant's Evidence in Support of Statement of Uncontroverted Material Facts, Volume I, Deposition Exhibit No. 2 (United States Patent No. 5,232,240) (hereinafter Patent No. '240), Figs. 1 & 4.

The Abstract of the '240 patent describes the invention as follows:

> A towing hitch includes a frame having a forward portion selectively connected to the receiver hitch of a towing vehicle, and a rearward portion having a pair of elongated bars pivotally connected thereto for removable connection to a vehicle to be towed. Each bar has a pivot arm connected to the rearward end thereof, said pivot arms and bars all pivotal within a single plane, so that the pivot arms may be folded into a storage position adjacent and parallel the bars. Selective locking apparatus permits the pivot arms to be extended to a towing position aligned with the bars and locked in the towing position. The bars are pivotally connected to a pivot block which is pivotally mounted to the forward portion of the frame, so as to permit the pivot block, and attached bars and arms to pivot from a generally horizontal position to a generally vertical storage position. The pivot block is mounted on a rotatable yoke, such that the bars and pivot arms are rotatable, as a unit, along an axis parallel to the direction which a vehicle is being towed.

Patent No. '240, p. 1.

The claimed invention consists of three claims, only the first of which is "independent," and the rest of which are "dependent" upon claim 1. In the words of the patent,

I claim:

1. A towing hitch, comprising:

a frame having a forward position for selective removable connection to a towing vehicle, and a rearward portion for selective removable connection to a vehicle to be towed;

said forward portion including a generally horizontal forwardly extending member adapted for selectively lockable receipt within a conventional receiver hitch;

said rearward portion including first and second elongated bars having forward and rearward ends, the forward ends of said bars pivotally connected to a pivot bolt for pivotal movement within the same plane about said pivot bolt;

a first pivot arm pivotally connected at a forward end to the rearward end of said first bar for pivotal movement coplanar with said first and second bars;

a second pivot arm pivotally connected at a forward end to the rearward end of said second bar for pivotal movement coplanar with said first and second bars;

connection means connected to rearward ends of said pivot arms for selective removable connection to a vehicle to be towed;

means connected to said first pivot arm and first bar for selectively locking said first pivot arm and first bar in axial alignment;

means connected to said second pivot arm and second bar for selectively locking said second pivot arm and second bar in axial alignment;

said rearward portion further including a pivot block having upper and lower surfaces, forward and rearward ends, and opposing side surfaces, pivotally connected to said forward portion on a generally horizontal pivot axis extending through said side surfaces of the pivot block;

said pivot bolt being mounted through the upper and lower surfaces of said pivot block, pivot axis, so as to pivot with said pivot block;

said pivot block connected for pivotal movement between a storage position, wherein the pivotal plane of the arms and bars is generally vertical, and a towing position, wherein the pivotal plane of the arms and bars is generally horizontal.

2. The hitch of claim **1**, further comprising means on said forward portion for selectively locking said pivot block in storage position.

3. The hitch of claim **1**, wherein said pivotal connection of the pivot block to the forward portion further comprises:

a pin having forward and rearward ends, rotatably connected to said forward portion for free rotatable movement about the pin's longitudinal axis;

a pair of spaced-apart, parallel arms projecting rearwardly from the rearward end of said pin;

said arms for pivotal movement within a plane parallel to said arms and about an axis perpendicular to the rotational axis of said pin.

Patent No. '240, cols. 5-6.

b. The reissue patent

The Re482 patent is a reissue of the Johnson patent. It was applied for on March 24, 1995, and issued on March 25, 1997. It shows the inventor as Andrew B. Johnson, deceased, and that the application was filed by Arline Johnson, Legal Representative. The assignee of the Re482 patent is Dethmers. Dethmers prosecuted the Re482 patent after obtaining the rights to the Johnson patent from the inventor's successors in interest, his widow and his brother.

The declaration on behalf of the inventor states that the basis for the application for a reissue patent was that "the original patent [was] partly invalid because of errors without any deceptive intent on the part of Johnson. The errors were in Johnson's claiming less than he had a right to claim in the patent." Defendant's Evidence in Support of Statement of Uncontroverted Material Facts, Vol. 1, Deposition Exhibit No. 2, Substitute Reissue Application Declaration on Behalf of Inventor by Personal Representative (hereinafter Substitute Reissue Application Declaration),

p. 2 (Bates stamp p. 000707).[2] Consequently, the Abstract to the Re482 patent is identical to that of the '240 patent, with but one exception: At the end of the second sentence, a missing "to" has been inserted between "parallel" and "the bar." However, the claims of the Re482 patent have been significantly altered.[3]

Those alterations of the claims include both deletions and additions. First, in claim **1** of the '240 patent, the fourth through eighth indented paragraphs have been deleted in their entirety.[4] In the last of the indented paragraphs of claim **1**, the words "arms and" have been deleted both times they appear. The language of claims **2** and **3** has not been altered in any way, but those claims are now dependent upon a different independent claim **1**: they are dependent on a claim with no pivot arms. New claims **4** through **10** have been added to the reissue patent. Those additions state the following:

---

[2] A more detailed discussion of the reissue application process will be appropriate below with regard to Automatic's assertion that the Substitute Reissue Application Declaration was fatally defective.

[3] New figures were also included in the Re482 patent. However, it does not appear necessary to the court to reproduce those figures in this ruling.

[4] To be precise, these paragraphs appear in the Re482 patent in heavy brackets, as does other language described by the court here as "deletions," while language the court has described as "additions" or "new" appears in the Re482 patent in italics. According to the prefatory paragraph of the Re482 patent,

> Matter enclosed in heavy brackets [ ] appears in the original patent but forms no part of this reissue specification; matter printed in italics indicates the additions made by reissue.

4. The hitch of claim 1, further comprising:

a first pivot arm having a forward end and a rearward end, said first pivot arm pivotally connected at said forward end to the rearward end of said first bar for pivotal movement coplanar with said first and second bars; and

a second pivot arm having a forward end and a rearward end, said second pivot arm pivotally connected at said forward end to the rearward end of said second bar for pivotal movement coplanar with said first and second bars; and

connection means connected to said rearward ends of said pivot arms for selective removable connection to said vehicle to be towed.

5. The hitch of claim 4, further comprising:

means connected to said first pivot arm and first bar for selectively locking said first pivot arm and first bar in axial alignment; and

means connected to said second pivot arm and second bar for selectively locking said second pivot arm and second bar in axial alignment.

6. A towing hitch, comprising:

a frame having a forward portion for selective removable connection to a towing vehicle, and a rearward portion for selective removable connection to a towing vehicle, and a rearward portion for selective removable connection to a vehicle to be towed;

said forward portion including a generally horizontally forwardly extending member adapted for selectively lockable receipt within a conventional receiver hitch;

said rearward including first and second elongated bars having forward and rearward ends, the forward ends of said bars pivotally connected to a pivot bolt for pivotal movement within the same plane about said pivot bolt;

said rearward portion further including a pivot member having upper and lower surfaces, forward and rearward ends, and opposing side surfaces, pivotally connected to said forward portion on a generally horizontal pivot axis extending through said side surfaces of the pivot member;

said pivot bolt being mounted through the upper and lower surfaces of said pivot member rearwardly of and perpendicular to the pivot member pivot axis, so as to pivot with said pivot member;

said pivot member connected for pivotal movement between a storage position, wherein the pivotal plane of the bars is generally vertical, and a towing position, wherein the pivotal plane of the bars is generally horizontal.

7. A towing hitch, comprising:

a frame having a forward portion for selective removable connection to a towing vehicle, and a rearward portion for selective

removable connection to a vehicle to be towed;

said forward portion including a generally horizontal forwardly extending member adapted for selectively lockable receipt within a conventional receiver hitch;

said rearward portion including first and second elongated bars having forward and rearward ends, the forward ends of said bars pivotally connected to a pivot bolt for pivotal movement within the same plane about said pivot bolt;

said rearward portion further including pivot means for pivotal movement of said rearward portion about a transverse horizontal axis, said transverse horizontal axis located forwardly of and perpendicular to said pivot bolt, said pivot means allowing for pivotal movement of said rearward portion between a storage position, wherein the pivotal plane of the bars is generally vertical, and a towing position, wherein the pivotal plane of the bars is generally horizontal.

8. A towing hitch, comprising:

a frame having a forward portion for selective removable connection to a towing vehicle, and a rearward portion for selective removable connection to a vehicle to be towed;

said forward portion including a generally horizontal forwardly extending member adapted for selectively lockable receipt within a conventional receiver hitch;

said rearward portion including first and second elongated bars having forward and rearward ends, the forward ends of said bars pivotally connected to a pivot bolt for pivotal movement within the same plane about said pivot bolt;

a first pivot arm pivotally connected at a forward end to the rearward end of said first bar for pivotal movement coplanar with said first and second bars;

a second pivot arm pivotally connected at a forward end to the rearward end of said second bar for pivotal movement coplanar with said first and second bars;

connection means connected to rearward ends of said pivot arms for selective removable connection to a vehicle to be towed;

means connected to said first pivot arm and first bar selectively locking said first pivot arm and first bar in axial alignment;

means connected to said second pivot arm and second bar for selectively locking and second pivot arm and second bar in axial alignment;

said rearward portion further including a pivot block having upper and lower surfaces, forward and rearward ends, and opposing side surfaces, pivotally connected to said forward portion on a generally horizontal pivot axis extending through said side surface of the pivot block;

said pivot block being mounted through the upper and lower surfaces of said pivot block, rearwardly of and perpendicular to the pivot block pivot axis, so as to pivot with said pivot block;

said pivot block connected for pivotal movement between a storage position, wherein the pivotal plane of the arms and bars is generally vertical, and a towing position, wherein the pivotal plane of the arms and bars is generally horizontal.

9. The hitch of claim 8, further comprising means on said forward portion for selectively locking said pivot block in storage position.

10. The hitch of claim 8, wherein said pivotal connection of the pivot block to the forward portion further comprises:

a pin having forward and rearward ends, rotatably connected to said forward portion for free rotatable movement about the pin's longitudinal axis;

a pair of spaced-apart, parallel arms projecting rearwardly from the rearward end of said pin;

said arms for pivotal movement within a plane parallel to said arms and about an axis perpendicular to the rotational axis of said pin.

* * *

Defendant's Evidence in Support of Statement of Uncontroverted Material Facts, Vol. 1, Deposition Exhibit No. 2, United States Patent No. Re32,482 (hereinafter

Patent No. Re482). Thus, the new claims, *inter alia,* reintroduce the pivot arms as independent claims.

3. The "Parent Invention"

The figure who stands at the nexus between Automatic's and Dethmers's development of new generation tow bars is Richard Parent. Parent, described by Automatic as "something of a nomad," first approached employees of Automatic in 1993 with an idea for a tow bar that was designed to be mounted on the back of an RV and utilized a swivel or universal joint. Parent had sketched rough drawings of his "invention" and showed them to Bachman, an employee of Automatic, in February 1993. Parent's invention was of interest to Bachman because he was then developing the design for the locking device for telescoping tow bar arms that later became part of the '166 patent. Bachman and Parent were both interested in jointly developing a tow bar incorporating their ideas.

After the meeting between Bachman and Parent, Automatic worked to reduce their ideas to practice, eventually building a prototype of a tow bar with a locking device for telescoping arms and a swivel or universal flex joint. Automatic then refined the design and eventually marketed the tow bar, under the name AVENTA, in 1994. Although Parent and Automatic negotiated over an agreement for sales of the AVENTA tow bar for some time, five months after that tow bar was introduced into the market, according to Automatic, Parent and Automatic "decided to go their separate ways."

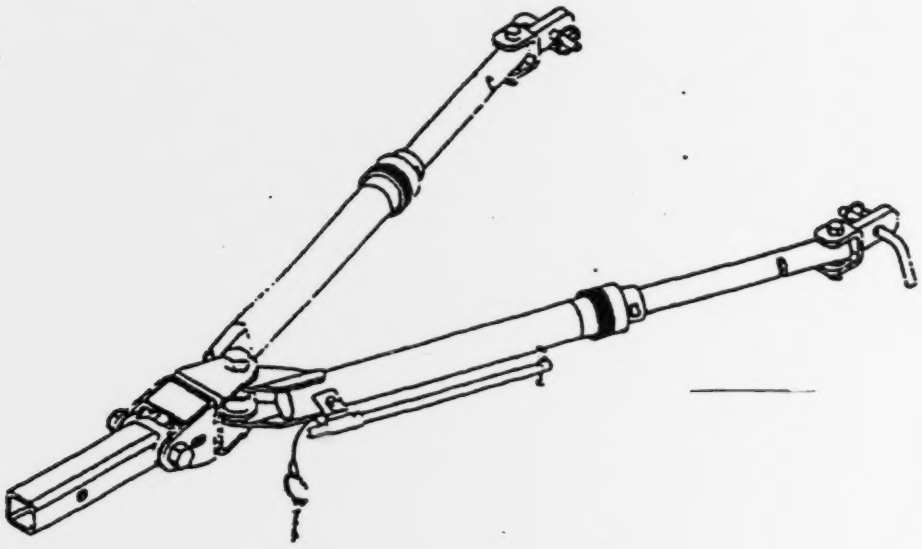
Parent then approached Dethmers to see if Dethmers was interested in developing a tow bar design incorporating his invention. Although Dethmers was interested,

Dethmers first pursued a patent search that led it to the Johnson patent, which in turn led to Dethmers's acquisition of that patent. Thereafter, in the summer and fall of 1994, Dethmers and Parent negotiated and ultimately finalized a "Patent Assignment-Royalty Agreement." In that assignment, Parent assigned his inventorship of a "Tow Bar Having A Self Aligning Joint and Telescopic 'SQUARE' Legs." Dethmers began fabricating a tow bar based at least in part on the Parent invention in the fall of 1994.

4. The Dethmers tow bar

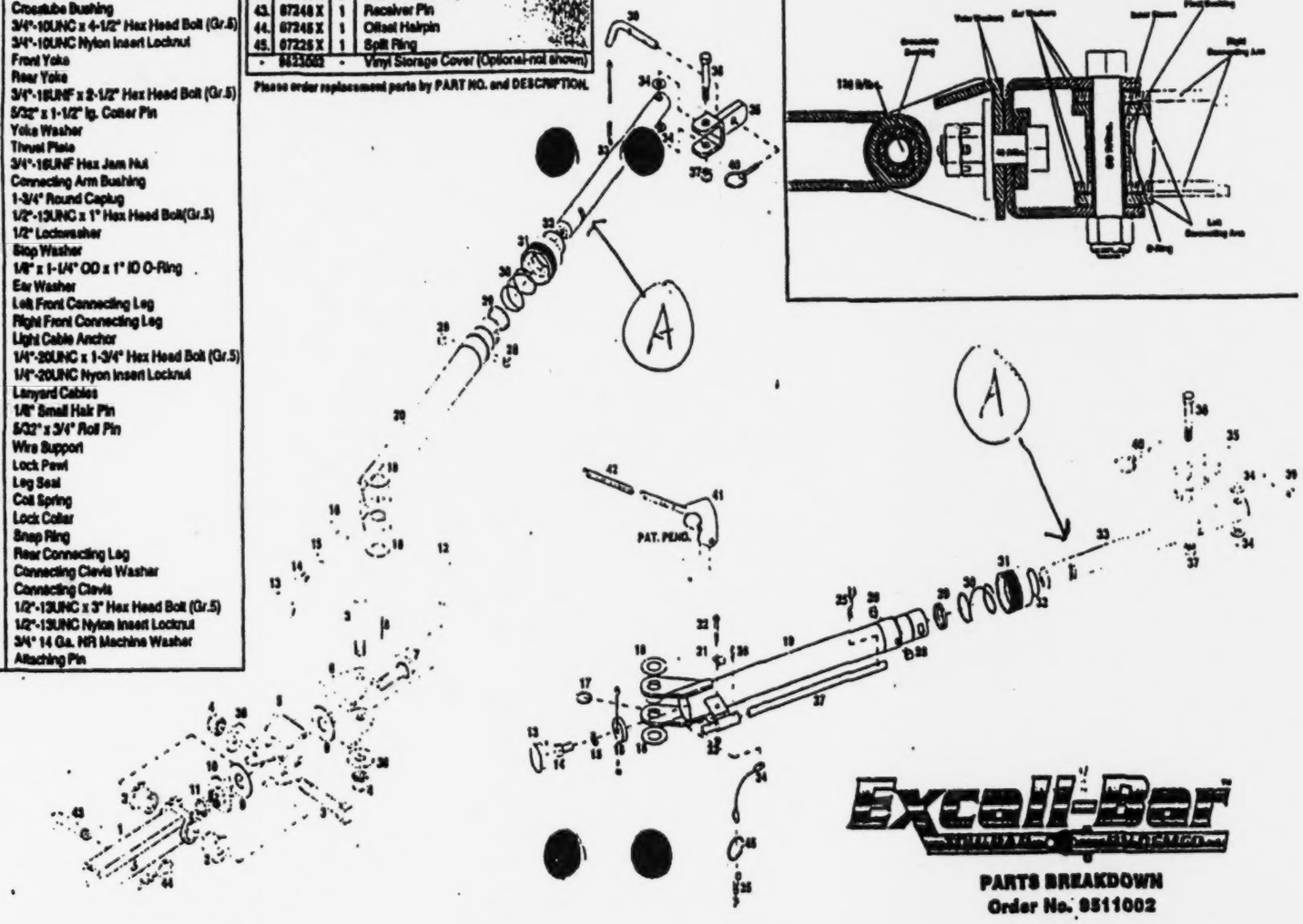
The next invention or product the court must consider is the Dethmers tow bar, because only its infringement or non-infringement of the Automatic patent is at issue in one of the motions now pending before the court. In contrast, the defense Automatic mounts in its summary judgment motion to Dethmers's claims of infringement go to the invalidity of the patent, not to the absence of a genuine issue of material fact that its product does not infringe the Dethmers patent. Therefore, the court will only discuss the Dethmers tow bar of the products actually marketed by the parties, and that only briefly.

The accused device is shown in the following illustrations in assembled and "exploded" form:

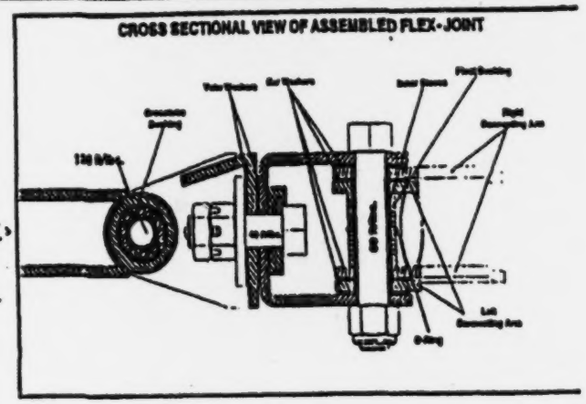


	PART NO.	QTY.	DESCRIPTION
1.	03798 X	1	Male Receiver
2.	03808 X	2	Crosstube Bushing
3.	07161 X	2	3/4"-10UNC x 4-1/2" Hex Head Bolt (Gr.5)
4.	02981 X	2	3/4"-10UNC Nylon Insert Locknut
5.	03799 X	1	Front Yoke
6.	03799 X	1	Rear Yoke
7.	07162 X	1	3/4"-16UNF x 2-1/2" Hex Head Bolt (Gr.5)
8.	00116 X	1	5/32" x 1-1/2" lg. Cotter Pin
9.	03806 X	2	Yoke Washer
10.	03797 X	1	Thrust Plate
11.	07216 X	1	3/4"-16UNF Hex Jam Nut
12.	03810 X	1	Connecting Arm Bushing
13.	05445 X	2	1-3/4" Round Caplug
14.	04795 X	2	1/2"-13UNC x 1" Hex Head Bolt(Gr.5)
15.	00084 X	2	1/2" Lockwasher
16.	03804 X	2	Stop Washer
17.	01516 X	1	1/8" x 1-1/4" OD x 1" ID O-Ring
18.	03807 X	4	Ear Washer
19.	03800 X	1	Left Front Connecting Leg
20.	03801 X	1	Right Front Connecting Leg
21.	07221 X	1	Light Cable Anchor
22.	00878 X	1	1/4"-20UNC x 1-3/4" Hex Head Bolt (Gr.5)
23.	02772 X	1	1/4"-20UNC Nyon Insert Locknut
24.	07222 X	1	Lanyard Cables
25.	00182 X	2	1/8" Small Hair Pin
26.	07223 X	1	5/32" x 3/4" Roll Pin
27.	03805 X	1	Wire Support
28.	03871 X	4	Lock Pawl
29.	07224 X	2	Leg Seal
30.	03872 X	2	Coil Spring
31.	03869 X	2	Lock Collar
32.	03873 X	2	Snap Ring
33.	03802 X	2	Rear Connecting Leg
34.	03809 X	4	Connecting Clevis Washer
35.	03803 X	2	Connecting Clevis
36.	07164 X	2	1/2"-13UNC x 3" Hex Head Bolt (Gr.5)
37.	02178 X	4	1/2"-13UNC Nylon Insert Locknut
38.	07275 X	2	3/4" 14 Ga. NR Machine Washer
39.	03878 X	2	Attaching Pin
40.	02397 X	2	1/4" Quick Pin
41.	03879 X	1	Lock Collar Release Tool w/Grip
42.	02243 X	2	Black Handle Grip
43.	07248 X	1	Receiver Pin
44.	07248 X	1	Offset Hairpin
45.	07225 X	1	Split Ring
•	9523003	•	Vinyl Storage Cover (Optional-not shown)

Please order replacement parts by PART NO. and DESCRIPTION.



CROSS SECTIONAL VIEW OF ASSEMBLED FLEX-JOINT



Excell-Bar

PARTS BREAKDOWN
Order No. 9511002

The locking mechanism of the accused device, the part that is principally at issue here, is shown below in "cut-away" views in figures 4a and 4ba, and in "cross-sectional" views in figures 6a and 6b:

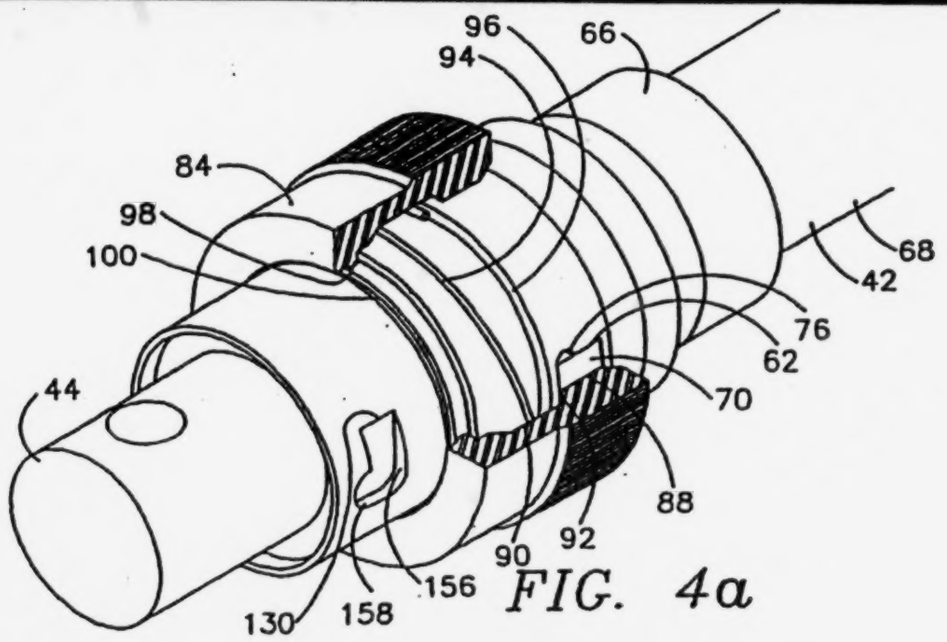

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FIG. 4a

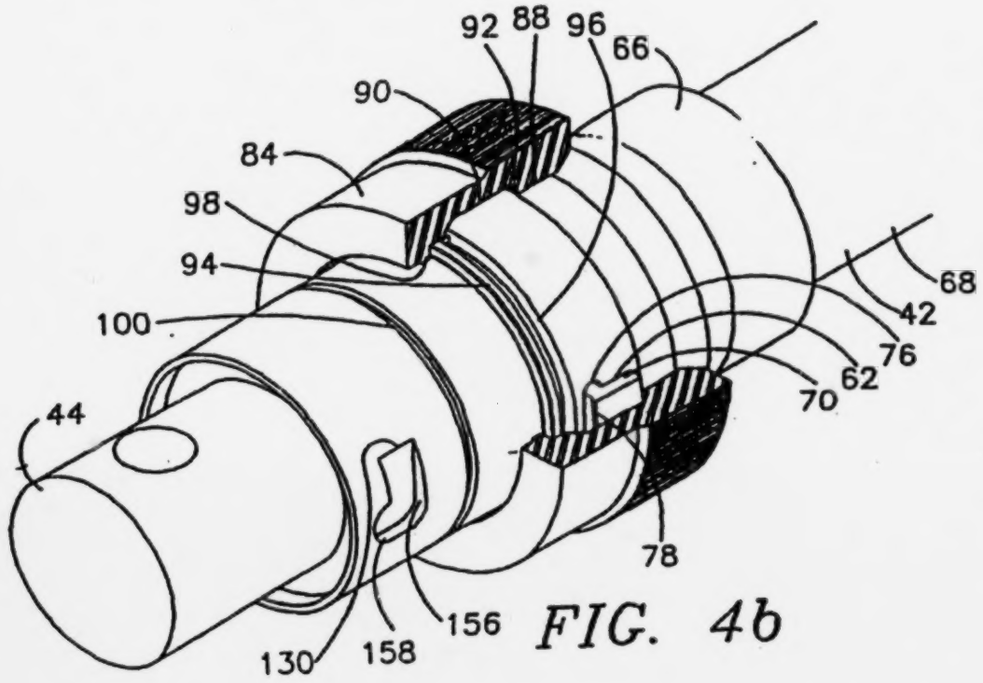
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FIG. 4b

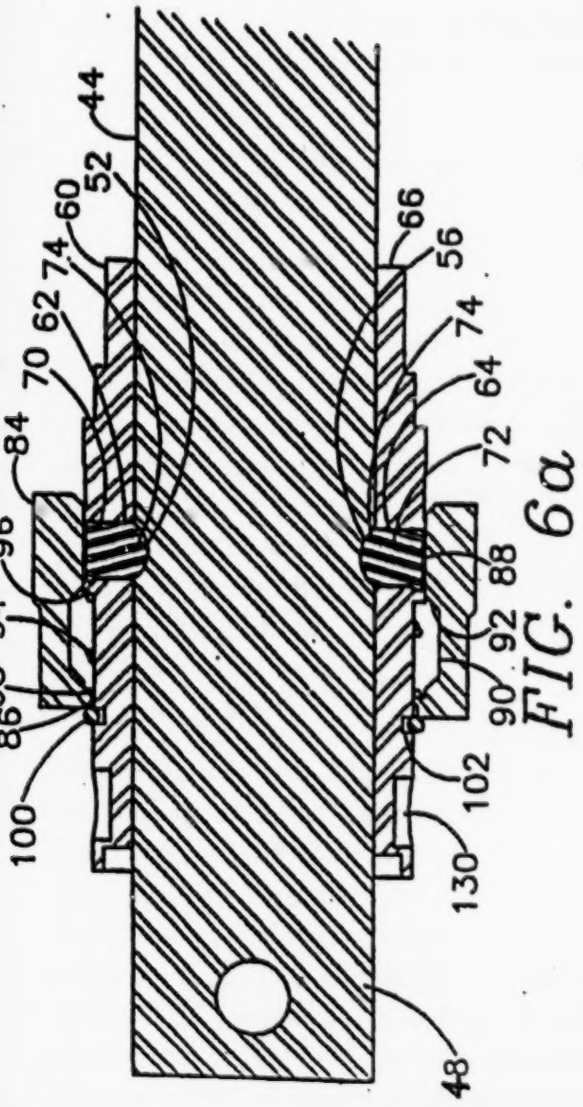
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FIG. 6a

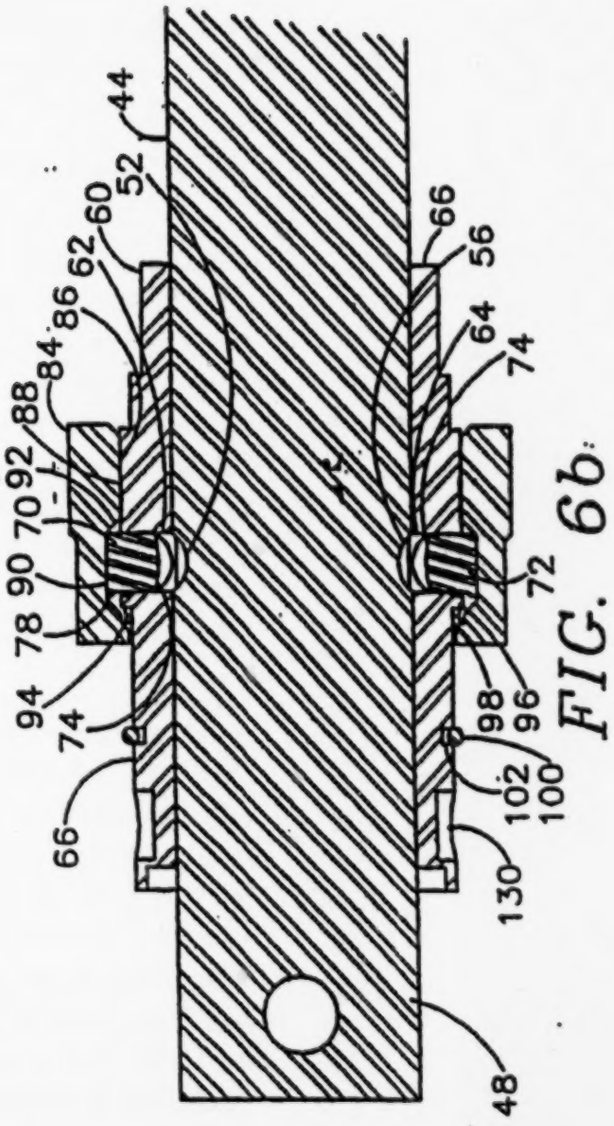
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FIG. 6b

As portrayed in these illustrations, the Dethmers tow bar, like that described in the '166 patent, employs a swivel hitch and adjustable, telescoping arms. Whether and to what extent the accused device may be infringing, however, will be considered in the court's legal analysis.

5. Other products and allegations of infringement

Like Dethmers, Automatic currently make tow bars, but the court need do no more than mention them here, because their elements are not currently at issue. Automatic's tow bars include the Blue Ox line of tow bars, which employed a traditional ball/coupler hitch. More pertinent here, however, are Automatic's "new generation" tow bars, including the AVENTA tow bar developed after Bachman's contact with Richard Parent, which uses a swivel or universal flex joint and locking telescoping arms, the AVENTA II tow bar, and the PATRIOT, KAR-BAR, and ALADDIN tow bars.

In this litigation, each of the parties accuses the other, *inter alia,* of infringing its patent. In the fall of 1994, Dethmers notified Automatic of the existence of the Johnson patent and accused Automatic of infringement. Dethmers's complaint in this litigation, filed on June 26, 1996, alleges infringement of the Re482 patent by Automatic's AVENTA, AVENTA II, PATRIOT, KAR-BAR, and ALADDIN tow bars. In August of 1995, Automatic notified Dethmers of the '166 patent. In its counterclaim, filed on May 29, 1997, Automatic alleges that Dethmers's EXCALIBAR tow bar infringes Automatic's '166 patent. In due course, Automatic filed its motion to dismiss or for partial

summary judgment on state-law questions and the parties filed their respective motions for summary judgment on issues of patent validity, enforceability, and/or infringement.

II. LEGAL ANALYSIS

A. Which Circuit's Law?

Before considering the pending dispositive motions, it is perhaps well to establish which circuit's law is applicable to what, particularly where not all of the issues in this "patent" case are questions of "patent" law. The Federal Circuit Court of Appeals has repeatedly held that if issues are not unique to its exclusive jurisdiction – such as appeals of patent law issues – it will defer to the law of the regional circuit in which the district court sits. *See, e.g., Oddzon Prods., Inc. v. Just Toys, Inc.,* 122 F.3d 1396, 1407 (Fed. Cir. 1997) ("Because trade dress issues are not unique to the exclusive jurisdiction of this court, we defer to the law of the regional circuit in which a district court sits."); *Pro-Mold & Tool Co., Inc. v. Great Lakes Plastics, Inc.,* 75 F.3d 1568, 1574 (Fed. Cir. 1996) ("When considering issues which are not unique to our jurisdiction we defer to the law of the regional circuit. When the issues involve substantive questions within our exclusive jurisdiction, however, we do not defer to the regional circuit"; citations omitted); *Elmer v. ICC Fabricating, Inc.,* 67 F.3d 1571, 1578 (Fed. Cir. 1995) (trade dress issues called for application of regional circuit's law, *i.e.,* the law of the Eleventh Circuit Court of Appeals); *Imagineering, Inc. v. Van Klassens, Inc.,* 53 F.3d 1260, 1263 (Fed. Cir.) (same), *cert. denied,* 516 U.S. 909 (1995); *Tone Bros., Inc. v. Sysco Corp.,* 28 F.3d 1192, 1200 (Fed. Cir. 1994) (Lanham Act claims called for application of Eighth Circuit law), *cert.*

denied, 514 U.S. 1015 (1995); *Mars, Inc. v. Kabushiki-Kaisha Nippon Conlux,* 24 F.3d 1368, 1371 (Fed. Cir. 1994); *KeyStone Retaining Wall Sys., Inc. v. Westrock, Inc.,* 997 F.2d 1444, 1447-48 (Fed. Cir. 1993); *Jurgens v. McKasy,* 927 F.2d 1552, 1563 n.6 (Fed. Cir.) (applying Eighth Circuit law to issues of unfair competition over which the Federal Circuit Court of Appeals did not have exclusive jurisdiction), *cert. denied,* 502 U.S. 902 (1991).

In *Mars, Inc.,* the Federal Circuit Court of Appeals clarified when deference to the regional circuit's law is appropriate and when it is not:

> When an issue before us pertains to a matter not unique to our exclusive appellate jurisdiction, our established practice has been to defer to the discernable law of the regional circuit in which the district court sits. Such deference, however, is inappropriate when an issue involves substantive questions coming exclusively within our jurisdiction, the disposition of which would have a direct bearing on the outcome.
>
> In this case, review of the propriety of the district court's dismissal for lack of jurisdiction necessarily requires consideration of facts and resolution of legal principles that bear an essential relationship to matters committed to our exclusive control. The issue whether the district court had jurisdiction to hear Mars' claim of Japanese patent infringement is of importance to the development of the patent law and is clearly a matter that falls within the exclusive subject matter responsibility of this court. Thus, we are not bound by the law of the [regional] circuit in deciding this case. Notwithstanding that conclusion, [w]e may, of course, look for guidance in the

> decisions of the [regional circuit], as well as those of other courts.

Mars, Inc., 24 F.3d at 1371 (internal citations and quotation marks omitted). However, a prior decision makes clear that Federal Circuit law is not necessarily applicable to *any* subject matter jurisdiction challenge in a patent case. *See Cedars-Sinai Med. Ctr. v. Watkins*, 11 F.3d 1573, 1580 (Fed. Cir. 1993) (dismissal pursuant to FED. R. CIV. P. 12(b)(1) on "ripeness" grounds required application of the regional circuit's law, because Federal Circuit law governs review of a decision to dismiss a patent infringement suit only when justiciability of the controversy is not in question), *cert. denied*, 512 U.S. 1235 (1994). Nor is a simple dichotomy between "procedural matters," governed by the regional circuit's law, and "substantive matters," governed by Federal Circuit law, appropriate, because even "procedural" matters may involve questions that fall within the Federal Circuit's exclusive jurisdiction. *See, e.g., Broyhill Furniture Indus., Inc. v. Craftmaster Furniture Corp.*, 12 F.3d 1080, 1082 (Fed. Cir. 1993) (a Rule 60(b) ruling is generally considered under the law of the regional circuit, "because such rulings commonly involve procedural matters that are not unique to patent law," but the Federal Circuit applied its own law in this case, "because our review of the district court's Rule 60(b) ruling turns on substantive matters that are unique to patent law"); *Payless Shoesource, Inc. v. Reebok Int'l, Ltd.*, 998 F.2d 985, 987 (Fed. Cir. 1993) ("As a general rule, we review procedural matters under the law of the regional circuit in which the district court sits," and "[a]dditionally, we defer to the law of the regional circuit when addressing substantive legal issues over which we do not have exclusive subject matter jurisdiction," and applying Tenth Circuit

law to issuance of a preliminary injunction in a trademark case); *Wang Labs., Inc. v. Applied Computer Sciences, Inc.*, 958 F.2d 355, 357 (Fed. Cir. 1992) (generally, on procedural matters, the Federal Circuit follows the law of the regional circuit, but it will not do so on issues of its own appellate jurisdiction, although it may look for guidance to the law of the regional circuit). Rather, the test, as stated in *Mars, Inc.*, is whether the question presented "necessarily requires consideration of facts and resolution of legal principles that bear an essential relationship to matters committed to [the Federal Circuit's] exclusive control." *Mars, Inc.*, 24 F.3d at 1371.

In this case, the court concludes that the first of the dispositive motions – Automatic's December 5, 1997, motion to dismiss or in the alternative for partial summary judgment, for more definite statement, and to strike – does not "necessarily require[ ] consideration of facts and resolution of legal principles that bear an essential relationship to matters committed to [the Federal Circuit's] exclusive control." *Id.* Indeed, the substantive questions presented are entirely matters of *state* law, to wit, whether punitive damages are available on certain state-law claims, whether a state-law conversion claim will lie, and whether certain state-law claims are adequately pleaded or are redundant of other state-law claims. Furthermore, *which* state's law applies is also a question of state law, as it must be resolved according to Iowa's choice-of-law or conflict-of-laws rules. *See Harlan Feeders, Inc. v. Grand Labs., Inc.*, 881 F. Supp. 1400, 1403-04 (N.D.Iowa 1995) (citing, *inter alia, Klaxon Co. v. Stentor Elec. Mfg. Co.*, 313 U.S. 487, 496 (1941)); *accord Colonial Ins. Co. of Cal. v. Spirco Envtl., Inc.*, 137 F.3d 560, 561-62 (8th Cir. 1998) ("'Federal district courts must apply the choice-of-law

rules of the state in which they sit when jurisdiction is based on diversity of citizenship,'" quoting *Whirlpool Corp. v. Ritter,* 929 F.2d 1318, 1320 (8th Cir. 1991)); *Penney v. Praxair, Inc.,* 116 F.3d 330, 333 n.4 (8th Cir. 1997) ("Sitting in diversity, a district court is bound to apply the choice of law rules of the state in which it sits. . . . "). Thus, the standards of the Eighth Circuit Court of Appeals apply to the procedural requirements for this first motion to dismiss or for summary judgment and Iowa law applies to the substantive questions. On the other hand, the parties' motions for summary judgment to declare each other's patents invalid, unenforceable, infringed or not infringed, plainly fall within the exclusive jurisdiction of the Federal Circuit Court of Appeals and this court will therefore apply Federal Circuit law to those issues.

B. Automatic's Motion To Dismiss

Automatic's December 5, 1997, motion to dismiss or in the alternative for partial summary judgment, for more definite statement, and to strike first seeks dismissal pursuant to FED. R. CIV. P. 12(b)(6) of, or in the alternative a grant of summary judgment pursuant to FED. R. CIV. P. 56 on, Dethmers's prayers for punitive damages on Dethmers's state-law contract, quasi-contract, and tort claims, on the ground that punitive damages are prohibited under Nebraska law. Automatic also seeks dismissal of Count VI, Dethmers's conversion claim, pursuant to FED. R. CIV. P. 12(b)(6), on the ground that there can be no claim for conversion of intangible "ideas." Automatic prays for a more definite statement of Dethmers's "statutory" misappropriation claim in Count IV, because Dethmers has failed to identify or specify any statute upon which the claim is based. As the final part of this motion, Automatic

seeks to have Dethmers's Count VII, the claim for misappropriation of "intellectual property," stricken as redundant of the "statutory" and "common-law" misappropriation claims in Counts IV and V and the conversion claim in Count VI.

1. Punitive damages on state-law claims

The first part of Automatic's motion – which seeks dismissal or summary judgment on Dethmers's prayer for punitive damages on state-law claims, because Nebraska law prohibits punitive damages on such claims – is brought pursuant to FED. R. CIV. P. 12(b)(6), or, in the alternative, pursuant to FED. R. CIV. P. 56. Dethmers contends that, treated as a motion to dismiss, the court must assume its allegations that Nebraska law does not apply are true.[5] Noting that Automatic has attached various matters outside of the pleadings to its motion that are pertinent to punitive damages issues, Dethmers also contends that, if the court converts the motion into one for summary judgment, there are genuine issues of material fact as to whether Nebraska law would apply. Dethmers asserts that there are other candidates for the applicable law, because discussions between Parent and Automatic concerning the "Parent Invention" took place in California and Nevada, as well as Nebraska. Automatic's rejoinder is that Nebraska is still the state with "the most significant

[5] In its resistance to this motion, Dethmers frequently misstates the question to be whether Nebraska's choice-of-law rules apply. As shall be explained below, Iowa's, not Nebraska's, conflict-of-laws or choice-of-law rules apply to the question of whether Nebraska's law on punitive damages is applicable to Dethmers's state-law claims.

relationship," even if other states were the locale of some of its discussions with Parent.

a. Rule 12(b)(6) or Rule 56 standards?

Where on a Rule 12(b)(6) motion to dismiss for failure to state a claim upon which relief can be granted "matters outside the pleading are presented to and not excluded by the court, the motion shall be treated as one for summary judgment and disposed of as provided in Rule 56." FED. R. CIV. P. 12(b)(6); *see also Buck v. FDIC,* 75 F.3d 1285, 1288 & n.3 (8th Cir. 1996) (because the district court relied on matters outside the complaint in ruling on a Rule 12(b)(6) motion, "the district court had to treat the [defendant's] motion to dismiss as a motion for summary judgment and apply the relevant standards for summary judgment," and further noting that "[t]he standards for dismissing a complaint under Rule 12(b)(6) are substantially different" from those applicable to a Rule 56 summary judgment motion; therefore it was inappropriate for the district court to fail to specify whether it was disposing of an issue according to summary judgment or Rule 12(b)(6) standards). Even where matters outside of the pleadings are presented to the court, however, a motion to dismiss is not converted into a motion for summary judgment "where the district court's order makes clear that the judge ruled only on the motion to dismiss." *Skyberg v. United Food and Commercial Workers Int'l Union, AFL-CIO,* 5 F.3d 297, 302 n.2 (8th Cir. 1993). Where the district court has made the posture of its disposition clear, the appellate court will "treat the case as being in that posture." *Id.*

The court concludes that it is not necessary to "convert" this portion of Automatic's motion to dismiss into a

motion for summary judgment, because Automatic has already couched its motion in the alternative as one for summary judgment pursuant to Rule 56. Thus, Dethmers had notice from the time the motion was filed that the court was being asked to adjudicate the matters presented according to summary judgment standards, and Dethmers has responded in kind by arguing for denial of the motion according to those standards. In these circumstances, it is appropriate for the court to treat the motion, in the first instance, as one for summary judgment, FED. R. CIV. P. 12(b)(6) (where "matters outside the pleading are presented to and not excluded by the court, the motion shall be treated as one for summary judgment and disposed of as provided in Rule 56"), and the court will proceed accordingly. *See Skyberg,* 5 F.3d at 302 n.2 (where the district court has made the posture of its disposition clear, the appellate court will "treat the case as being in that posture").

This court has considered in some detail the Eighth Circuit standards applicable to motions for summary judgment pursuant to FED. R. CIV. P. 56 in a number of recent decisions. *See, e.g., Swanson v. Van Otterloo,* 993 F. Supp. 1224, 1230-31 (N.D. Iowa 1998); *Dirks v. J.C. Robinson Seed Co.,* 980 F. Supp. 1303, 1305-07 (N.D. Iowa 1997); *Laird v. Stilwill,* 969 F. Supp. 1167, 1172-74 (N.D. Iowa 1997); *Rural Water Sys. #1 v. City of Sioux Ctr.,* 967 F. Supp. 1483, 1499-1501 (N.D. Iowa 1997); *Tralon Corp. v. Cedarapids, Inc.,* 966 F. Supp. 812, 817-18 (N.D. Iowa 1997); *Security State Bank v. Firstar Bank Milwaukee, N.A.,* 965 F. Supp. 1237, 1239-40 (N.D. Iowa 1997); *Lockhart v. Cedar Rapids Community Sch. Dist.,* 963 F. Supp. 805 (N.D. Iowa 1997). Thus, the court will not consider

those standards in detail here. Suffice it to say that Rule 56 itself provides, in pertinent part, as follows:

> Rule 56. Summary Judgment
>
> (b) For Defending Party. A party against whom a claim . . . is asserted . . . may, at any time, move for summary judgment in the party's favor as to all or any part thereof.
>
> (c) Motions and Proceedings Thereon. . . . *The judgment sought shall be rendered forthwith if the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to judgment as a matter of law.*

FED. R. CIV. P. 56(b), (c) (emphasis added). Applying these standards, the trial judge's function at the summary judgment stage of the proceedings is not to weigh the evidence and determine the truth of the matter, but to determine whether there are genuine issues for trial. *Quick v. Donaldson Co.*, 90 F.3d 1372, 1376-77 (8th Cir. 1996); *Johnson v. Enron Corp.*, 906 F.2d 1234, 1237 (8th Cir. 1990). An issue of material fact is genuine if it has a real basis in the record. *Hartnagel v. Norman*, 953 F.2d 394 (8th Cir. 1992) (citing *Matsushita Elec. Indus. Co. v. Zenith Radio Corp.*, 475 U.S. 574, 586-87 (1986)). As to whether a factual dispute is "material," the Supreme Court has explained, "Only disputes over facts that might affect the outcome of the suit under the governing law will properly preclude the entry of summary judgment." *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986); *Beyerbach v. Sears*, 49 F.3d 1324, 1326 (8th Cir. 1995); *Hartnagel*, 953 F.2d at 394. With these standards in mind,

the court turns to consideration of Automatic's motion for summary judgment on Dethmers's prayer for punitive damages on its state-law claims, because punitive damages are not available on such claims under Nebraska law.

b. Conflict-of-laws rules

The court has confronted the often knotty problem of what law applies to specific common-law claims in a diversity action a number of times in recent years. *See Jones Distrib. Co., Inc. v. White Consol. Indus., Inc.*, 943 F. Supp. 1445, 1458 (N.D. Iowa 1996); *Harlan Feeders, Inc. v. Grand Labs., Inc.*, 881 F. Supp. 1400 (N.D. Iowa 1995); *Curtis 1000, Inc. v. Youngblade*, 878 F. Supp. 1224, 1251-54 (N.D. Iowa 1995). To resolve the issue of which state's law applies to Dethmers's common-law claims, the court looks to the conflict-of-laws or choice-of-law rules of the state of Iowa, because in an action based upon diversity of citizenship jurisdiction, a federal district court must apply the substantive law of the state in which it sits, including its conflict-of-laws or choice-of-law rules. *Harlan Feeders, Inc.*, 881 F. Supp. at 1403-04 (citing, *inter alia, Klaxon Co. v. Stentor Elec. Mfg. Co.*, 313 U.S. 487, 496 (1941)); *accord Colonial Ins. Co. of Cal. v. Spirco Envtl., Inc.*, 137 F.3d 560, 561-62 (8th Cir. 1998) (" 'Federal district courts must apply the choice-of-law rules of the state in which they sit when jurisdiction is based on diversity of citizenship,' " quoting *Whirlpool Corp. v. Ritter*, 929 F.2d 1318, 1320 (8th Cir. 1991)); *Penney v. Praxair, Inc.*, 116 F.3d 330, 333 n.4 (8th Cir. 1997) ("Sitting in diversity, a district court is bound to apply the choice of law rules of the state in which it sits. . . . ").

However, before any choice of law need be made, there must be a "true conflict" between the laws of the possible jurisdictions on the pertinent issue. *Id.* at 1404; *accord Phillips v. Marist Soc'y of Washington Province,* 80 F.3d 274, 276 (8th Cir. 1996) ("We agree with the statement of Judge Richard A. Posner that 'before entangling itself in messy issues of conflict of laws a court ought to satisfy itself that there actually is a difference between the relevant laws of the different states.' *Barron v. Ford Motor Co. of Canada, Ltd.,* 965 F.2d 195, 197 (7th Cir.), *cert. denied,* 506 U.S. 1001, 113 S. Ct. 605, 121 L. Ed. 2d 541 (1992)." Where there was no "true conflict," the court did not engage in a choice-of-law analysis, and simply applied the law of the forum.). In *Harlan Feeders,* this court concluded that there is indeed a "true conflict" between Nebraska's prohibition of punitive damages, pursuant to its constitution, and Iowa's establishment by statute and common law of the availability and substantive requirements for punitive damages. *Harlan Feeders,* 881 F. Supp. at 1404-05. Furthermore, in *Harlan Feeders,* this court concluded that the availability of punitive damages was a question of "substantive" law, to which the law applicable according to choice-of-law or conflict-of-laws rules applies, not "procedural" law, which is governed by the law of the forum state. *Id.* at 1405-09. The parties have not disputed either of those conclusions here.

The first step in determining the actual choice-of-law is to determine the proper characterization of what kind of claim is involved, and the law of the forum controls this question as well. *Id.* at 1404. As this court observed in *Harlan Feeders,*

> Iowa applies the "most significant relationship test" to conflict-of-laws or choice-of-law questions

> involving either contract or tort claims. *See Christie v. Rolscreen Co.,* 448 N.W.2d 447, 450 (Iowa 1989) (recognizing that the "most significant relationship" test applies to tort causes of action, citing *Zeman v. Canton State Bank,* 211 N.W.2d 346, 349 (Iowa 1973)); *Cameron v. Hardisty,* 407 N.W.2d 595, 597 (Iowa 1987) (tort); *Cole v. State Auto. & Cas. Underwriters,* 296 N.W.2d 779, 781 (Iowa 1980) (contract); *Zeman,* 211 N.W.2d at 349 (tort issue); *Lindstrom v. Aetna Life Ins. Co.,* 203 N.W.2d 623 (Iowa 1973) (contract issue); *Berghammer v. Smith,* 185 N.W.2d 226 (Iowa 1971) (tort issue); *In re Marriage of Whelchel,* 476 N.W.2d 104, 109 (Iowa Ct.App. 1991) (in marital property case, the court noted that "[i]n other areas of the law, Iowa has adopted, as choice-of-law doctrine, the 'most significant relationship' rule espoused by the Restatement (Second) of Conflict of Laws," citing *Lindstrom* and *Berghammer*); *see also Drinkall,* 32 F.3d at 331 (citing *Cameron,* 407 N.W.2d at 597 (tort), and *Cole,* 296 N.W.2d at 781 (contract)); *Gould, Inc.,* 918 F.2d at 1363 n.3 (citing *Cole* (contract), and *Zeman* (tort)). However, the factors the court is to consider are not identical in the context of torts and contracts. . . .

Harlan Feeders, 881 F. Supp. at 1405. At issue in this part of Automatic's first motion are contract or quasi-contract claims – specifically, breach of contract and unjust enrichment claims – and tort claims – misappropriation and conversion claims.

Thus, the court turns to the application of appropriate factors for contract and tort claims under Iowa's "most significant relationship" test.

c. Application of the rules

i. Contract and quasi-contract claims. Under the Iowa choice-of-law or conflict-of-laws test for contract actions, the parties may, with certain restrictions, select for themselves the law that will apply to their contract. *Harlan Feeders,* 881 F. Supp. at 1411 (citing *Cole,* 296 N.W.2d at 781, in turn citing Restatement (Second) of Conflict of Laws § 187). Where the parties do not make that choice, the "most significant relationship" test of the restatement (Second) of CONFLICT OF LAWS § 188 applies, and the court applies the law of the jurisdiction with the "most significant relationship" to the transaction or dispute. *Id.* (also citing *Cole,* 296 N.W.2d at 781, which adds that "[w]e think it clear that choice-of-law questions are now to be determined under the Restatement (Second) test.").

The "most significant relationship" test of § 188 of the RESTATEMENT was explained in *Wilmotte,* 258 N.W.2d at 326, as follows:

> Section 188 of the Restatement has reference to the "most significant relationship" rule to determine the law to be applied with respect to the rights and duties of the parties under a contract where the contract did not make an effective choice as to which state law should be applied in construing or enforcing the contract. In determining which state has the most significant relationship to the issue in question various contacts with the different states are determined. These contacts include the place of contracting, the place of negotiation of the contract, the place of performance, the locale of the subject matter of the contract, and the domicile, residence, nationality, place of incorporation, and place of

business. Also, in determining any conflicts of law questions with respect to the interpretation or enforcement of contracts, the following factors must be taken into account:

> "(1) A court, subject to constitutional restrictions, will follow a statutory directive of its own state on choice of law.
>
> "(2) When there is no such directive, the factors relevant to the choice of the applicable rule of law include
>
> "(a) the needs of the interstate and international systems,
>
> "(b) the relevant policies of the forum,
>
> "(c) the relevant policies of other interested states and the relative interests of those states in the determination of the particular issue,
>
> "(d) the protection of justified expectations,
>
> "(e) the basic policies underlying the particular field of law,
>
> "(f) certainty, predictability and uniformity of result, and
>
> "(g) ease in the determination and application of the law to be applied."

See Restatement, Second, Conflict of Laws, Choice of Law Principles, § 6, p. 10.

Wilmotte, 258 N.W.2d at 326.

As to the place of contracting, *see id.* (identifying this as one of the principal factors under RESTATEMENT

(SECOND) OF CONFLICT OF LAWS § 188), Dethmers asserts that there is at least a genuine issue of material fact that the place was California, where Parent first showed his sketches to Bachman and Bachman and Parent purportedly reached an agreement that Automatic would keep Parent's invention and related information confidential. Dethmers also points out that the place at which negotiations between Parent and Automatic ultimately failed was Nevada. However, even if there was no genuine issue of material fact that the relationship began in California and ended in Nevada, the court observes that application of the choice-of-law or conflict-of-laws test is a process of balancing the various factors to determine the place with the most significant relationship, not just a place with some significant contact. For example, Automatic counters that Nebraska was the place of almost all other significant contacts. The record reveals, for example, that the place of performance and the locale of the subject matter of the contract is Nebraska, *see id.* (also considering these factors pursuant to § 188), because Nebraska is where further discussions took place and where Automatic attempted to develop a prototype incorporating Parent's ideas. Furthermore, while Parent, a Canadian, was not domiciled or resident in any United States jurisdiction, Automatic's domicile, residence, nationality, place of incorporation, and place of business are all Nebraska. *Id.* Although Dethmers is an Iowa corporation, Dethmers is only a subsequent assignee of any contract between Automatic and Parent, and therefore Dethmers's domicile would not have figured in the original parties' contemplation of the law applicable to any bargain between them. Considering these primary factors, therefore, the court concludes that there is no genuine issue of material fact that they weigh in favor of Nebraska as opposed to any other nominee forum.

Turning to additional factors drawn from the RESTATEMENT (SECOND) OF CONFLICT OF LAWS § 6, *see Wilmotte,* 258 N.W.2d at 326, the court also concludes that California's interest in determination of the particular issues involved is only incidental, as it was mere happenstance that California was the forum in which the parties to the alleged contract first met. *See* RESTATEMENT (SECOND) OF CONFLICT OF LAWS § 6(2)(c). Furthermore, the needs of the interstate and international systems do not require imposition of the law of California, Iowa, or Nevada, *id.* at § 6(a), because Nebraska law is more appropriate to a cause of action by a foreigner, or that foreigner's assignee in Iowa, against a Nebraska defendant for injuries suffered as the result of contractual relations negotiated in part and performed (or breached) almost entirely in Nebraska. The court also concludes that the relevant policies of the possible states weigh in favor of selection of Nebraska law, because California's or Nevada's interest is only incidental, and Iowa's limited, while Nebraska's interest in prohibiting punitive damages against a resident corporation for alleged breach of a contract to be performed in Nebraska is direct and significant. *Cf. Harlan Feeders,* 881 F. Supp. at 1410 (weighing the policy interests of Nebraska in its prohibition on punitive damages against the interests of other states); RESTATEMENT (SECOND) OF CONFLICT OF LAWS § 6(b) & (c). The basic policies underlying the particular field of law have been considered, and the court concludes that Nebraska's rejection of the necessity of deterrence by imposition of punitive damages should be respected. RESTATEMENT (SECOND) OF CONFLICT OF LAWS § 6(e). Considering the "justified expectation" factor, *id.* at § 6(d), certainly neither Parent nor Automatic could reasonably have expected Iowa, California, or Nevada law to apply

over Nebraska law to any agreement between them, when Parent was a foreigner, neither Iowa nor Nevada had any interest at all at the time of formation of the alleged agreement, and the presence of the parties in California at the time the alleged agreement was negotiated, and in Nevada at the time negotiations for joint activity failed, was merely happenstance; in contrast, Automatic was doing business in Nebraska and would perform the alleged agreement there. Furthermore, there is greater certainty and predictability to be derived from applying the law of Nebraska to an agreement entered into with a Nebraska company by a foreigner concerning joint development of an invention where such development would necessarily occur in Nebraska and any resulting product would necessarily be manufactured in and marketed from Nebraska. *Id.* at 6(f). Finally, the court has had no difficulty in determining what law would apply to the question of punitive damages in any of the nominee states. *Id.* at 6(g).

Thus, the court concludes that there is no genuine issue of material fact that Nebraska law, which bars punitive damages, is applicable to Dethmers's contract and quasi-contract claims. Therefore, Automatic is entitled to partial summary judgment on Dethmers's prayer for punitive damages on such claims.

ii. Tort claims. For tort claims, the Iowa Supreme Court has stated that

> [c]onsiderations [in the most significant relationship test] include: place of injury, place of conduct leading to the injury, domicile of the parties, and the place where any relationship between the parties is centered.

Harlan Feeders, 881 F. Supp. at 1409 (quoting *Zeman,* 211 N.W.2d at 349; *see also Christie,* 448 N.W.2d at 450 (quoting *Zeman*)). These are also the factors listed in RESTATEMENT (SECOND) OF CONFLICT OF LAWS § 145(2), which the Iowa Supreme Court has adopted. *Cameron,* 407 N.W.2d at 597; *accord Veasley v. CRST Int'l, Inc.,* 553 N.W.2d 896, 897-98 (Iowa 1996). However, this court has noted that the first factor, place of injury, now receives only "limited weight." *Harlan Feeders,* 881 F. Supp. at 1409.

The "place of injury," *see* RESTATEMENT (SECOND) OF CONFLICT OF LAWS § 145(2); *Harlan Feeders,* 881 F. Supp. at 1409, is not necessarily Iowa, although that is where Dethmers, the assignee of the alleged contract may at first glance be supposed to be injured, because Dethmers's principal place of business is in Iowa. Rather, Nebraska is where the allegedly injurious development, production, and sales of products and other alleged misappropriations and conversions took place. However, even genuine factual dispute as to the place of injury would not be dispositive, because of the limited weight this factor receives. *See Harlan Feeders,* 881 F. Supp. at 1409. Perhaps weighing in favor of Nebraska law is the domicile of the parties, where Automatic, an original party to the relationship between Automatic and Parent is domiciled in Nebraska, and Dethmers, only a subsequent assignee of Parent, is domiciled in Iowa. The decisive factors in the circumstances of this case, however, are undoubtedly the place of conduct leading to the alleged injuries and the place where the relationship between the parties is centered. *See* RESTATEMENT (SECOND) OF CONFLICT OF LAWS § 145(2); *Harlan Feeders,* 881 F. Supp. at 1409. That place is Nebraska as to both factors.

Consequently, there is no genuine issue of material fact that Nebraska law also applies to Dethmers's tort claims in division III of its complaint. Therefore, Automatic is entitled to partial summary judgment on Dethmers's prayer for punitive damages on such claims.

2. Conversion of intangible ideas

Automatic next seeks dismissal of Count VI, Dethmers's conversion claim, pursuant to FED. R. CIV. P. 12(b)(6), on the ground that there can be no claim for conversion of intangible "ideas." Dethmers contends that all jurisdictions having a material interest in the claims presented recognize common-law claims for conversion and that claims for conversion of intangible property will lie in a wide variety of circumstances.

a. Applicable standards

The standards applicable to this portion of Automatic's first motion, brought only pursuant to Rule 12(b)(6), differ from those applicable to a motion for summary judgment. Rule 12(b)(6) allows dismissal for "failure to state a claim upon which relief can be granted." FED. R. CIV. P. 12(b)(6). The issue is not whether a plaintiff will ultimately prevail, but rather whether the plaintiff is entitled to offer evidence in support of its claims. *Scheuer v. Rhodes,* 416 U.S. 232, 236 (1974); *United States v. Aceto Agric. Chem. Corp.,* 872 F.2d 1373, 1376 (8th Cir. 1989). In considering a motion to dismiss under Rule 12(b)(6), the court must assume that all facts alleged in the plaintiff's complaint are true, and must liberally construe those allegations. *Conley v. Gibson,* 355 U.S. 41, 45-46 (1957); *Doe v. Norwest Bank Minn., N.A.,* 107 F.3d 1297, 1303-04

(8th Cir. 1997) ("In considering a motion to dismiss, we assume all facts in the complaint are true, construe the complaint in the light most favorable to the plaintiff, and affirm the dismissal only if 'it appears beyond a doubt that the plaintiff can prove no set of facts which would entitle the plaintiff to relief,'" quoting *Coleman v. Watt,* 40 F.3d 255, 258 (8th Cir. 1994)); *WMX Technologies, Inc. v. Gasconade County, Mo.,* 105 F.3d 1195, 1198 (8th Cir. 1997) ("In considering a motion to dismiss, the court must construe the complaint liberally and assume all factual allegations to be true."); *First Commercial Trust v. Colt's Mfg. Co.,* 77 F.3d 1081, 1083 (8th Cir. 1996) (same).

The United States Supreme Court and the Eighth Circuit Court of Appeals have both observed that "a court should grant the motion and dismiss the action 'only if it is clear that no relief could be granted under any set of facts that could be proved consistent with the allegations.'" *Handeen v. Lemaire,* 112 F.3d 1339, 1347 (8th Cir. 1997) (quoting *Hishon v. King & Spalding,* 467 U.S. 69, 73 (1984)); *accord Conley,* 355 U.S. at 45-46 ("A complaint should not be dismissed for failure to state a claim unless it appears beyond doubt that the plaintiff can prove no set of facts in support of his [or her] claim which would entitle him [or her] to relief."); *Parnes v. Gateway 2000, Inc.,* 122 F.3d 539, 546 (8th Cir. 1997) ("'A complaint should not be dismissed for failure to state a claim unless it appears beyond doubt that the plaintiff can prove no set of facts in support of his claim which would entitle him to relief,'" quoting *Fusco v. Xerox Corp.,* 676 F.2d 332, 334 (8th Cir. 1982)); *Doe,* 107 F.3d at 1304 (dismissal is appropriate only if "'it appears beyond doubt that the plaintiff can prove no set of facts which would entitle the plaintiff to relief,'" quoting *Coleman,* 40 F.3d at 258);

WMX Technologies, Inc., 105 F.3d at 1198 ("Dismissal should not be granted unless it appears beyond a reasonable doubt that the plaintiff can prove no set of facts that would entitle relief," citing *Conley,* 355 U.S. at 45-46, 78 S.Ct. 99). The Rule does not countenance dismissals based on a judge's disbelief of a complaint's factual allegations. *Neitzke v. Williams,* 490 U.S. 319, 327 (1989). Thus, "[a] motion to dismiss should be granted as a practical matter only in the unusual case in which a plaintiff includes allegations that show on the face of the complaint that there is some insuperable bar to relief." *Frey v. City of Herculaneum,* 44 F.3d 667, 671 (8th Cir. 1995) (internal quotation marks and ellipses omitted); *accord Parnes,* 122 F.3d at 546 (also considering whether there is an "insuperable bar to relief" on the claim). Automatic asserts there is such an "insuperable bar to relief" on this claim, because, like most jurisdictions, Nebraska has not recognized a claim for conversion of an intangible idea.

b. Conversion of "intangible ideas"

Automatic contends that a conversion claim will not lie for "conversion" of intangible ideas. Dethmers concedes that only "tangible" interests were originally subject to the tort of conversion, but Dethmers contends that modern formulations of the tort of conversion apply to "intangible" property interests, as well as tangible ones. This court has previously observed that "recent decisions demonstrate the narrowness of the 'intangibles' included within the scope of a conversion claim." *Hanson v. Hancock County Mem. Hosp.,* 938 F. Supp. 1419, 1439 (N.D. Iowa 1996) (citing *Hurst v. Dezer/Reyes Corp.,* 82 F.3d 232, 235-36 (8th Cir. 1996), which held that under New York law of conversion, based on Restatement (Second) of Torts § 222A, "[e]ven

under an expanded definition of the tort, conversion is limited to those intangible property rights customarily merged in, or identified with, some document," in turn citing *Ippolito v. Lennon,* 150 A.D.2d 300, 542 N.Y.S.2d 3, 6 (1989), and RESTATEMENT (SECOND) OF TORTS § 242; *H.J., Inc. v. International Tel. & Tel. Corp.,* 867 F.2d 1531, 1547 (1989), which held that under Minnesota law, conversion generally applies only to tangible property, "or intangible property customarily merged in, or identified with, some document," in turn citing PROSSER & KEETON ON TORTS, 91-92 (1984), and RESTATEMENT (SECOND) OF TORTS §§ 222A, 242 (1965)). The Parent Invention does not appear to fall within this narrow range of intangible property interests.

Nonetheless, the court finds that there are various and conflicting answers to the question of whether a conversion claim will lie for alleged conversion of an unpatented idea or invention, the particular kind of claim at issue here. Georgia, for example, recognizes a claim for conversion of an unpatented or unpatentable idea or product with the following elements: (1) the idea must be novel; (2) the disclosure of the idea must be made in confidence; (3) the idea must be adopted and made use of by the defendant; and (4) the idea must be sufficiently concrete in its development to be usable. *See Jones v. Turner Broadcasting Sys., Inc.,* 193 Ga.App. 768, 770, 389 S.E.2d 9, 11 (1989), *cert. denied,* 498 U.S. 815 (1990); *Morton B. Katz & Assocs., Ltd. v. Arnold,* 175 Ga.App. 278, 280, 333 S.E.2d 115 (1985); *see also Salsbury Labs., Inc. v. Merieux Labs., Inc.,* 908 F.2d 706, 710 (11th Cir. 1990) (citing *Jones* and *Morton B. Katz*). The Minnesota Court of Appeals, relying in part on Georgia decisions, has also held that, although abstract ideas are not generally

protectable property interests, claims for conversion of an unpatented idea would lie if the abstract idea was sufficiently novel and concrete. *See Tate v. Scanlan Int'l, Inc.*, 403 N.W.2d 666, 671-72 (Minn. Ct. App. 1987) (upholding a jury's verdict that an unpatented idea for a surgical supply product was sufficiently novel and concrete for an award of damages for its conversion). Dethmers has pleaded a common-law conversion claim that would fit within the elements of a claim for conversion of an unpatented idea as formulated by the Georgia and Minnesota courts: Dethmers alleges the novelty of Parent's invention; that his invention was disclosed to Automatic only under conditions of confidentiality; that Automatic adopted Parent's idea and made use of it; and that Parent's idea was already sufficiently concrete in its development to be reduced to sketches.

Other courts recognize a related claim for "appropriation" of an unpatented idea, also finding that the claim will lie where the unpatented idea reflects "genuine novelty and invention." *See Oasis Music, Inc. v. 900 U.S.A., Inc.*, 161 Misc. 2d 627, 631, 614 N.Y.S.2d 878, 882 (1994) (citing *Murray v. National Broad. Co., Inc.*, 844 F.2d 988, 992 (2d Cir.), *cert. denied,* 488 U.S. 955 (1988)). However, other courts hold that an idea is not the property of anyone, and thus cannot obtain any legal protection, unless it is expressed in a legally protected manner, such as by being patented, copyrighted, trademarked, or imparted pursuant to a fiduciary or contractual relationship. *See Joyce v. General Motors Corp.*, 49 Ohio St.3d 93, 551 N.E.2d 172, 175 (1990).

Nebraska law, however, is the law this court has concluded is applicable to the conversion claim here. The Nebraska Supreme Court defines a tortious conversion as

any distinct act of dominion wrongfully asserted over another's property in denial of or inconsistent with that person's rights. *Barelmann v. Fox,* 239 Neb. 771, 478 N.W.2d 548 (1992); *Hecker v. Ravenna Bank,* 237 Neb. 810, 468 N.W.2d 88 (1991); *Mason v. Schumacher,* 231 Neb. 929, 439 N.W.2d 61 (1989). Thus, under Nebraska law, conversion is "'any unauthorized act which deprives the owner of his property permanently or for an indefinite period of time,'" *B.E. Implement Co. v. Valley Farm,* 216 Neb. 269, 273, 343 N.W.2d 892, 894 (1984), and "'any distinct act of dominion wrongfully exerted over another's personal property in denial of or inconsistent with his rights therein.'" *Id.* at 273, 343 N.W.2d at 894-95. Whether the definition of "property" under this formulation is broad enough to include an intangible, unpatented idea, is a question no Nebraska court appears to have answered.

The court raised with the parties the possibility of certifying the question of the viability of this claim under Nebraska law to the Nebraska Supreme Court pursuant to NEB. REV. STAT. § 24-219. However, the parties indicated that they were content to have this court decide that question. The court concludes that, because Nebraska has not specifically foreclosed the possibility of a claim for conversion of an intangible, unpatented idea, this court cannot conclude that there is an "insuperable bar to relief" on Dethmers's conversion claim. *Parnes,* 122 F.3d at 546; *Frey,* 44 F.3d at 671. Automatic's motion to dismiss this claim will therefore be denied. However, the court is not foreclosing the possibility that, upon a proper motion, with a more fully developed record and briefing directed specifically to the question, the court will reexamine the viability

of such a claim under both Nebraska law and the facts that can be proved in this case.

3. The "statutory" misappropriation claim

Count IV seeks compensatory and punitive damages and injunctive relief for "statutory" misappropriation by Automatic of a trade secret, the "Parent Invention." Automatic prays for a more definite statement of this claim, because Dethmers has failed to identify or specify any statute upon which the claim is based, or even the jurisdiction whose statutes might form the basis for such a claim. Dethmers responds that it has complied with the requirements of notice pleading, which do not require it to do more than inform Automatic that Dethmers asserts a statutory misappropriation claim. Dethmers also contends that the motion is premature, because the court must first resolve the threshold question of what state's law is applicable to the claim.

Rule 12(e) of the Federal Rules of Civil Procedure provides as follows:

> If a pleading to which a responsive pleading is permitted is so vague or ambiguous that a party cannot reasonably be required to frame a responsive pleading, the party may move for a more definite statement before interposing a responsive pleading. The motion shall point out the defects complained of and the details desired. If the motion is granted and the order of the court is not obeyed within 10 days after notice of the order or within such other time as the court may fix, the court may strike the pleading to which the motion was directed or make such order as it deems just.

FED. R. CIV. P. 12(e). Commentators state that "[t]he situations in which a Rule 12(e) motion is appropriate are very limited." 5A WRIGHT & ARTHUR R. MILLER, FEDERAL PRACTICE AND PROCEDURE § 1377 (1990). Furthermore, "[a]bsent special circumstances, a Rule 12(e) motion cannot be used to require the pleader to set forth the statutes or judicial decisions upon which he intends to rely." *Id.* However, "even though a complaint is not defective for failure to designate the statute or other provision of law violated, the judge may in his discretion, in response to a motion for more definite statement under Federal Rule of Civil Procedure 12(e), require such detail as may be appropriate in the particular case, and may dismiss the complaint if his order is violated." *McHenry v. Renne,* 84 F.3d 1172, 1179 (9th Cir. 1996). Repleading may be appropriate, this court concludes, where, as Automatic argued, there may be statutory defenses that must be pleaded in an answer to a statutory misappropriation claim under the law of the appropriate state.

The court has now resolved what Dethmers described as the "threshold question": The law that is applicable to Dethmers's "statutory" misappropriation claim is Nebraska's. Thus, the universe of potentially applicable statutes upon which Count IV of Dethmers's complaint could be based has considerably contracted. The court notes that Nebraska has in place a Trade Secrets Act, codified at NEB. REV. STAT. § 87-500 *et seq.*, which in part provides for injunctive relief from and damages for misappropriation of trade secrets. *See* NEB. REV. STAT. §§ 87-503 & 87-504. Furthermore, at oral arguments, Dethmers professed itself ready to replead this claim specifically identifying what statutes are involved once the court has identified the state whose law is applicable to the claim.

Consequently, the court concludes that, as construed by the court, no more definite statement of Count IV is required and this portion of Automatic's motion will be denied. However, the court anticipates that Dethmers will now make good on its promise to replead the claim in light of the applicable law.

4. The "misappropriation of intellectual property" claim

In the last part of its motion to dismiss, Automatic has moved, pursuant to FED. R. CIV. P. 12(f), to strike Count VII of Dethmers's complaint, which is the claim for "misappropriation" of "intellectual property." Automatic contends that this count is redundant of the "statutory" and "common-law" misappropriation claims in Counts IV and V, which allege misappropriation of "trade secrets," as well as the conversion claim in Count VI. Dethmers contends that motions to strike are disfavored; Automatic can show no prejudice if its motion to strike is not granted; and Automatic has made only general assertions of redundancy without demonstrating the nature of such redundancy.

a. Standards for a motion to strike

Rule 12(f) of the Federal Rules of Civil Procedure provides for a motion to strike as follows:

> **(f) Motion to Strike.** *Upon motion* made by a party before responding to a pleading or, if no responsive pleading is permitted by these rules, upon motion made by a party within 20 days after the service of the pleading upon the party or upon the court's own initiative at any time, *the*

> *court may order stricken from any pleading* any insufficient defense or *any redundant,* immaterial, impertinent, or scandalous *matter.*

FED. R. CIV. P. 12(f) (emphasis added). Courts have considered various factors to determine whether claims are redundant. *See Velez v. City of New London,* 903 F. Supp. 286, 291 (D. Conn. 1995) (a respondeat superior claim was redundant where the plaintiff had recourse against the defendant for his tort claims via state indemnification statutes); *Kusek v. Family Circle, Inc.,* 894 F. Supp. 522, 528 (D. Mass. 1995) (a claim for unjust enrichment was redundant where it repleaded a trademark infringement claim as a claim for equitable relief and another claim of "co-opt" was redundant as merely a recasting of claims for trademark infringement and/or for consumer fraud); *Sudul v. Computer Outsourcing Servs.,* 868 F. Supp. 59, 61 (S.D.N.Y. 1994) (a claim was redundant of another claim within the meaning of Rule 12(f) where it essentially duplicated another claim involving the same promisor, the same acts of breach, and the same measure of damages); *and compare Fink v. DeClassis,* 745 F. Supp. 509, 515 (N.D. Ill. 1990) (a claim of breach of warranty was not redundant of a claim of breach of contract, even though the claims sought essentially the same relief and plaintiff could not obtain duplicative recovery, because the plaintiff was entitled to assert alternative theories and could not be compelled to elect one remedy over another in the absence of prejudice to the defendant). From these precedents, the court concludes that mere duplicative remedies do not necessarily make claims "redundant" within the meaning of Rule 12(f), if the claims otherwise require proof of different elements; however, a claim that merely recasts the same elements under the guise of a different theory may be stricken as redundant pursuant to Rule 12(f).

b. Redundancy

Thus, the question of whether Count VII is redundant of other claims turns upon the law applicable to each claim. In this case, as the court determined above, the applicable law is the Nebraska law of trade secrets and intellectual property. Automatic asserts that while Nebraska law recognizes a claim for misappropriation of trade secrets, citing *Richdale Dev. Co. v. McNeil Co., Inc.*, 508 N.W.2d 853, 859 (Neb. 1993), its counsel has found no Nebraska cases recognizing a separate cause of action for misappropriation of "intellectual property."

As noted above, Nebraska has a Trade Secrets Act (TSA) codified at NEB. REV. STAT. § 87-501 *et seq.* Section 87-502(4) defines a "trade secret" under the Nebraska TSA as

> information, including, but not limited to, a drawing, formula, pattern, compilation, program, device, method, technique, code, or process that:
>
> > (a) Derives independent economic value, actual or potential, from not being known to, and not being ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and
> >
> > (b) Is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

NEB. REV. STAT. § 87-502(4); *see also Richdale Dev. Co.*, 508 N.W.2d at 859-60. The statute defines "misappropriation" as

> (a) Acquisition of a trade secret of another by a person who knows or has reason to know that

the trade secret was acquired by improper means; or

(b) Disclosure or use of a trade secret of another without express or implied consent by a person who:

(i) Used improper means to acquire knowledge of the trade secret;

(ii) At the time of the disclosure or use, knew or had reason to know that his or her knowledge of the trade secret was:

(A) Derived from or through a person who had utilized improper means to acquire it;

(B) Acquired under circumstances giving rise to a duty to maintain its secrecy or limit its use; or

(C) Derived from or through a person who owed a duty to the person seeking relief to maintain its secrecy or limit its use; or

(iii) Before a material change of his or her position, knew or had reason to know that the information was a trade secret and that knowledge of it had been acquired by accident or mistake[.]

NEB. REV. STAT. § 87-502(2). Thus, to establish a claim for misappropriation of a trade secret under the Nebraska TSA, the Nebraska Supreme Court noted that its prior precedent required proof of the following:

(1) the existence of a trade secret or secret manufacturing process; (2) the value and importance of the trade secret to the employer in the conduct of

> his business; (3) the employer's right by reason of discovery or ownership to the use and enjoyment of the secret; and (4) the communication of the secret to the employee while he was employed in a position of trust and confidence and under circumstances making it inequitable and unjust for him to disclose it to others or to use it himself to the employer's prejudice.

Richdale Dev. Co., 508 N.W.2d at 859 (quoting *Selection Research, Inc. v. Murman,* 230 Neb. 786, 433 N.W.2d 526, 532 (1989)).

The court in *Richdale,* however, held that "the existence of an employer-employee relationship is not a required element for misappropriation of a trade secret under the Trade Secrets Act." *Id.* The court reiterated that "the subject matter of a trade secret must be *secret,*" and "the claimant must allege elements outside the scope of copyright protection: a relationship of secrecy and an actual *trade secret.*" *Id.* (emphasis in the original). Therefore, redacting the elements stated above for a situation in which there is no employment relationship between the party asserting the trade secret and the party who allegedly misappropriated it, the court holds that the elements of such a claim are the following: (1) the existence of a trade secret or secret manufacturing process; (2) the value and importance of the trade secret to the inventor in the conduct of his business; (3) the inventor's right by reason of discovery or ownership to the use and enjoyment of the secret, and (4) the communication of the secret to the defendant during a relationship of trust and confidence and under circumstances making it inequitable and unjust for the defendant to disclose it to others or to use it himself to the inventor's prejudice. *Cf. id.* This court adds that there must, of necessity, be a fifth element, the defendant's

"misappropriation" of the trade secret within the meaning of NEB. REV. STAT. § 87-502(2), which requires either "acquisition" or "disclosure" by "improper means."

The court notes that there is at least a semantic difference in the way Dethmers's "intellectual property" and "trade secrets" misappropriation claims are stated. Count IV alleges that Automatic has "misappropriated the protected trade secrets of *Parent,*" Second Supplemental Amended Complaint, Count IV, ¶ 41 (emphasis added); *see also id.,* Count V, ¶ 45 (identical allegation in "common-law" misappropriation claim), while Count VII alleges that Automatic has "misappropriated the intellectual property of *Dethmers.*" *Id.,* Count VII, ¶ 51 (emphasis added). It is not immediately apparent that the "intellectual property of Dethmers" is necessarily and only the "trade secrets of Parent," although that might be a reasonable assumption.

There is the additional difference between the "trade secrets" and "intellectual property" claims in that Dethmers has specifically alleged in the former that the "trade secrets" at issue "had value in not being generally known and was treated as confidential trade secret information through the taking of reasonable precautions to preserve its secrecy, qualifying it for trade secret protection." Second Supplemental Amended Complaint, Count IV, ¶ 40 (emphasis added); *see also id.,* Count V, ¶ 44 (identical allegation in "common-law" misappropriation claim, but adding that the protection is from the "common law"). Such an allegation is absent from the "intellectual property" claim. Thus, it appears that Dethmers distinguished between the two kinds of claims at least in part on the basis of the "secrecy" of the matter misappropriated, *see Richdale Dev. Co.,* 508 N.W.2d at 859 ("the subject matter of a trade secret must be *secret,*" and "the claimant

must allege elements outside the scope of copyright protection: a relationship of secrecy and an actual *trade secret*"), and possibly in the identity of the matter actually at issue. Thus, the elements of the claims alleged are not identical, so that the "intellectual property" claim does not merely recast the same elements under the guise of a different theory, which would be a ground for striking the "intellectual property" claim as redundant pursuant to Rule 12(f). FED. R. CIV. P. 12(f) (allowing "redundant" claims to be stricken). However, the court must consider a further issue before ruling on Automatic's Rule 12(f) motion.

c. Recognition of the cause of action

Like Automatic, this court has found no Nebraska authority recognizing a separate claim for misappropriation of "intellectual property." Dethmers has cited no authority from any jurisdiction recognizing such a claim, and this court has found but scant authority considering such a claim. *See, e.g., International News Serv. v. Associated Press,* 248 U.S. 215 (1918) (implicitly recognizing such a common-law claim of misappropriation of intellectual property, but limiting it to cases where intellectual property, lawfully obtained, is used in direct competition with the person who created it);[6] *Wright v. Tidmore,* 430 S.E.2d 72, 73 (Ga. Ct. App. 1003) (finding no authority in that jurisdiction for a common-law claim of misappropriation of intellectual property or common-law copyright,

[6] Thus, another distinction between the elements of a claim of misappropriation of "trade secrets," under the Nebraska statute, and misappropriation of "intellectual property," under the common law, might be that "improper means" of acquisition are not required.

although there was authority "recogniz[ing] that an author or inventor has a property right in the product of his mental labors . . . ," but finding summary judgment on the claim property granted whether the claim was recognized or not, because the plaintiff had not shown a "misappropriation"); *Fenton McHugh Prods., Inc. v. WGN Continental Prods. Co.*, 434 N.E.2d 537 (Ill. Ct. App. 1982) (considering a claim of misappropriation of a common-law copyright); *Gilroy v. American Broad. Co., Inc.*, 365 N.Y.S.2d 193 (N.Y. Sup. Ct. App. Div. 1975) (considering a common-law claim for misappropriation of a literary character). On the other hand, the court has found no Nebraska authority specifically foreclosing such a claim. *Compare Olson v. Nieman's, Ltd.*, 579 N.W.2d 299, 316 (Iowa 1998) (declining to recognize a common-law claim of misappropriation of intellectual property in addition to Iowa's statutory claim for misappropriation of a trade secret, because the jury did not apportion any of the damages in the case to that theory). Because Nebraska has not specifically foreclosed the possibility of a claim for misappropriation of intellectual property, and the claim is not necessarily redundant of other theories of recovery, Automatic's motion to strike this claim will be denied.

The court also proposed to the parties the possibility of certifying the question of the viability of this claim under Nebraska law to the Nebraska Supreme Court pursuant to NEB. REV. STAT. § 24-219. As with the claim of conversion of an unpatented idea, the parties declined the proposal. Therefore, while the court has concluded that there is no "insuperable bar" nor any "redundancy" to the claim at the pleading stage of the proceedings, the court is not foreclosing the possibility that, upon a proper motion, with a more fully developed record and briefing directed

specifically to the question, the court will reexamine the viability of such a claim under both Nebraska law and the facts that can be proved in this case.

Another pertinent question might be whether Dethmers can maintain both a "statutory" and a "common-law" claim for misappropriation of trade secrets under Nebraska law, but Automatic has not raised that question. The court assumes that both a "statutory" and a "common-law" claim were filed, because it was unclear even to the plaintiff which state's law would be applicable, and hence it was unclear whether that state provided a statutory or only a common-law claim for misappropriation of trade secrets. Although the court has now determined that the applicable law is Nebraska's, and that Nebraska has a statutory cause of action for misappropriation, the court nonetheless will not *sua sponte* dismiss the common-law claim for misappropriation of a trade secret as redundant of and/or preempted by the statutory claim, because the parties have not briefed that question.

5. Summary

In short, Automatic is entitled to partial summary judgment on Dethmers's prayer for punitive damages on its tort and contract claims, because Nebraska law prohibits punitive damages. Automatic's motion to dismiss the claim for conversion of "ideas" will be denied, because Nebraska has not specifically foreclosed the possibility of a claim for conversion of an intangible, unpatented idea. The court also concludes that Automatic's motion for a more definite statement of Count IV will be denied, in light of the court's conclusion that Nebraska law is applicable to the claim, and hence it is made pursuant to the Nebraska

Trade Secrets Act, codified at NEB. REV. STAT. § 87-500 *et seq.* Finally, because Nebraska has not specifically foreclosed the possibility of a claim for misappropriation of intellectual property, and the claim is not necessarily redundant of other theories of recovery, Automatic's motion to strike this claim will be denied.

C. Standards For Summary Judgment In Patent Cases

The remaining motions before the court are for summary judgment or partial summary judgment on patent issues. Therefore, the law of the Federal Circuit applies. *See, e.g., Pro-Mold & Tool Co., Inc.,* 75 F.3d at 1574 ("When considering issues which are not unique to our jurisdiction we defer to the law of the regional circuit. When the issues involve substantive questions within our exclusive jurisdiction, however, we do not defer to the regional circuit"; citations omitted).

"Summary judgment is appropriate in a patent case, as in other cases. . . . " *Nike, Inc. v. Wolverine World Wide, Inc.,* 43 F.3d 644, 646 (Fed. Cir. 1994); *Conroy v. Reebok Int'l, Ltd.,* 14 F.3d 1570, 1575 (Fed. Cir. 1994) ("The grant of summary judgment [in a patent case] is appropriate where the standards set forth in Rule 56(c) are satisfied."); *Paragon Podiatry Laboratory, Inc. v. KLM Labs., Inc.,* 984 F.2d 1182, 1190 (Fed. Cir. 1993); *Continental Can Co. U.S.A., Inc. v. Monsanto Co.,* 948 F.2d 1264, 1265 (Fed. Cir. 1991) ("Summary judgment is as available in patent cases as in other areas of litigation."); *Becton Dickinson & Co. v. C.R. Bard, Inc.,* 922 F.2d 792, 795 (Fed. Cir. 1990) ("As in other cases, the grant of summary judgment under *Fed. R .Civ. P.* 56, is appropriate in a patent case where no

genuine issue of material fact exists and the movant is entitled to judgment as a matter of law.") (footnote omitted); *C.R. Bard, Inc. v. Advanced Cardiovascular Sys., Inc.*, 911 F.2d 670, 672 (Fed. Cir. 1990); *Johnston v. IVAC Corp.*, 885 F.2d 1574, 1576 (Fed. Cir. 1989); *Avia Group Int'l, Inc. v. L.A. Gear Cal., Inc.*, 853 F.2d 1557, 1561 (Fed. Cir. 1988); *Barmag Barmer Maschinenfabrik AG v. Murata Mach., Ltd.*, 731 F.2d 831, 835 (Fed. Cir. 1984); *Chore-Time Equip., Inc. v. Cumberland Corp.*, 713 F.2d 774, 778-79 (Fed. Cir. 1983).

The Supreme Court has established that a summary judgment motion should be interpreted by the trial court to accomplish its purpose of disposing of factually unsupported claims, and the trial judge's function is not to weigh the evidence and determine the truth of the matter, but to determine whether there is a genuine issue for trial. *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 249 (1986); *Celotex Corp. v. Catrett*, 477 U.S. 317, 323-24 (1986); *Matsushita Elec. Indus. Co. v. Zenith Radio Corp.*, 475 U.S. 574, 586-87 (1986); *Glaverbel Societe Anonyme v. Northlake Mktg. & Supply, Inc.*, 45 F.3d 1550, 1560 (Fed. Cir. 1995) ("The purpose of summary judgment is to avoid an unnecessary trial, by enabling an expeditious procedure whereby, for issues on which there is no material factual dispute, the court can decide the controversy by applying the law to the undisputed facts," citing *Anderson*, 477 U.S. at 252); *Continental Can Co. USA, Inc. v. Monsanto Co.*, 948 F.2d 1264, 1265 (Fed. Cir. 1991). Rule 56 "is a vehicle for the convenience of the parties and courts, for use when the circumstances warrant; but is not a substitute for trial when decision of the controversy requires resolution of disputed factual issues." *Glaverbel*, 45 F.3d at 1560 (citing *Celotex*, 477 U.S. at 327).

As noted above, Rule 56 provides for summary judgment in favor of either a claimant or a defendant on a claim if there are no genuine issues of material fact and the movant is entitled to judgment as a matter of law. FED.R.CIV.P. 56(a)-(c); *Glaxo Group, Ltd. v. TorPharm, Inc.*, ___ F.3d ___, ___, 1998 WL 515736, *4 (Fed. Cir. Aug. 21, 1998); *Transmatic, Inc. v. Gulton Indus., Inc.*, 53 F.3d 1270, 1274 (Fed. Cir. 1995); *Comair Rotron, Inc. v. Nippon Densan Corp.*, 49 F.3d 1535, 1536 (Fed. Cir. 1995). Thus, in a patent case, in order for the court to grant summary judgment, "there must . . . be no genuine issue of material fact, the burden of proof of an issue must be correctly allocated, and all pertinent factors must be considered." *Gasser Chair Co., Inc. v. Infanti Chair Mfg. Corp.*, 60 F.3d 770, 772 (Fed. Cir. 1995) (quoting *A.C. Aukerman Co. v. R.L. Chaides Constr. Co.*, 960 F.2d 1020, 1039 (Fed. Cir. 1992)); *Nike, Inc.*, 43 F.3d at 646 ("Summary judgment is appropriate in a patent case, as in other cases, when there is no genuine issue as to any material fact and the moving party is entitled to judgment as a matter of law.").

A court considering a motion for summary judgment must view all of the facts in the light most favorable to the nonmoving party, and give the non-movant the benefit of all reasonable inferences that can be drawn from the facts. *Anderson*, 477 U.S. at 255; *Matsushita Elec. Indus. Co. v. Zenith Radio Corp.*, 475 U.S. 574, 587 (1986) (quoting *United States v. Diebold, Inc.*, 369 U.S. 654, 655 (1962)); *Glaxo Group, Ltd.*, ___ F.3d at ___, 1998 WL 515736 at *4 ("Under this standard, all reasonable inferences must be drawn and all factual disputes resolved in favor of the non-movant."); *Gasser Chair*, 60 F.3d at 772 (the district court must "view the evidence in a light most favorable to the nonmovant and draw all reasonable inferences in its

favor, . . . and . . . resolve all doubt over factual issues in favor of the party opposing summary judgment," quoting *SRI Int'l v. Matsushita Elec. Corp. of Am.*, 775 F.2d 1107, 1116 (Fed. Cir. 1985) (in banc)); *Transmatic, Inc. v. Gulton Indus., Inc.*, 53 F.3d at 1274; *Comair Rotron, Inc.*, 49 F.3d at 1536 ("The evidence provided by the nonmovant is to be believed, and all justifiable inferences are to be drawn in the nonmovant's favor."); *KeyStone Retaining Wall Sys., Inc. v. Westrock, Inc.*, 997 F.2d 1444, 1450 (Fed. Cir. 1993).

The party seeking summary judgment "'always bears the initial responsibility of informing the district court of the basis for its motion.'" *Glaverbel*, 45 F.3d at 1560 (quoting *Celotex*, 477 U.S. at 324); *Conroy*, 14 F.3d at 1575; *Copelands' Enters., Inc. v. CNV, Inc.*, 945 F.2d 1563, 1565 (Fed. Cir. 1991). The moving party must "'identify[ ] those portions of "the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any," which it believes demonstrate the absence of a genuine issue of material fact.'" *Glaverbel*, 45 F.3d at 1560 (quoting *Celotex*, 477 U.S. at 324, which in turn cites *Fed. R. Civ. P.* 56(c)); *Conroy*, 14 F.3d at 1575 ("The moving party, however, need not produce evidence showing the absence of a genuine issue of material fact but rather discharge[s] its burden by showing the district court that there is an absence of evidence to support the nonmoving party's case.").

In response, "'the nonmoving party [must] go beyond the pleadings and by [its] own affidavits, or by the "depositions, answers to interrogatories, and admissions on file," designate "specific facts showing that there is a genuine issue for trial."'" *Glaverbel*, 45 F.3d at 1560 (quoting *Celotex*, 477 U.S. at 324). A material fact is one that may affect the decision, so that the finding of fact is relevant to

the proceedings. *Anderson,* 477 U.S. at 248; *Tone Bros., Inc. v. Sysco Corp.,* 28 F.3d 1192, 1196 (Fed. Cir. 1994), *cert. denied,* ___ U.S. ___, 115 S. Ct. 1356 (1995); *KeyStone Retaining Wall,* 997 F.2d at 1449 ("A material fact is one that may affect the decision, whereby the finding of that fact is relevant and necessary to the proceedings," citing *Anderson,* 477 U.S. at 248). An issue of material fact is genuine if it has a real basis in the record. *Matsushita,* 475 U.S. at 586-87; *and compare Glaxo Group, Ltd.,* ___ F.3d at ___, 1998 WL 515736 at *4 ("A dispute is genuine if a reasonable jury could return a verdict in favor of the non-movant."). "Only disputes over facts that might affect the outcome of the suit under the governing law will properly preclude the entry of summary judgment." *Anderson v. Liberty Lobby, Inc.,* 477 U.S. 242, 248 (1986); *Stark v. Advanced Magnetics, Inc.,* 29 F.3d 1570, 1572 (Fed. Cir. 1995) ("When material facts are in dispute summary adjudication may nonetheless be appropriate if, with all factual inferences drawn in favor of the non-movant, the movant would nonetheless be entitled to judgment as a matter of law."); *Tone Bros.,* 28 F.3d at 1196 ("The court must bear in mind the actual quantum and quality of proof necessary to support liability under the applicable law."); *Continental Can,* 948 F.2d at 1265. The correct law must, of course, be applied, whether to undisputed facts or to disputed facts viewed favorably to the nonmovant. *Stark,* 29 F.3d at 1573.

When the movant's burden of establishing the lack of a genuine issue of material fact has been met "in facial terms," the non-movant must point to "some evidence in

the record sufficient to suggest that [the non-movant's] view of the issue might be adopted by a reasonable fact-finder." *Id.* at 1560-61.[7] "[S]ummary judgment may be granted when no 'reasonable jury could return a verdict for the nonmoving party.'" *Nike, Inc.,* 43 F.3d at 646 (quoting *Anderson,* 477 U.S. at 248); *see also Anderson,* 477 U.S. at 248 (the necessary proof that the nonmoving party must produce is not precisely measurable, but the evidence must be "such that a reasonable jury could return a verdict for the nonmoving party"); *Transmatic, Inc. v. Gulton Indus., Inc.,* 53 F.3d at 1274 (also citing *Anderson*); *Wolverine World Wide, Inc. v. Nike, Inc.,* 38 F.3d 1192, 1196 (Fed. Cir. 1994); *Tone Bros.,* 28 F.3d at 1196 ("The court must assess the adequacy of the nonmovant's response and must determine whether the showing the nonmovant asserts it will make at trial would be sufficient to carry its burden of proof."); *KeyStone Retaining Wall,* 997 F.2d at 1449 (sufficient evidence must be presented that a reasonable fact finder could decide the question in the nonmovant's favor).

Finally, the court must consider the appropriateness of summary judgment on questions of patent infringement and invalidity. The Federal Circuit Court of Appeals has cautioned that "[a] district court should approach a motion

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[7] On this point, the Eighth Circuit Court of Appeals has observed that, although "direct proof is not required to create a jury question, . . . to avoid summary judgment, 'the facts and circumstances relied upon must attain the dignity of substantial evidence and must not be such as merely to create a suspicion.'" *Metge v. Baehler,* 762 F.2d 621, 625 (8th Cir. 1985) (quoting *Impro Prods., Inc. v. Herrick,* 715 F.2d 1267, 1272 (8th Cir. 1983), *cert. denied,* 465 U.S. 1026 (1984)), *cert. denied sub nom. Metge v. Bankers Trust Co.,* 474 U.S. 1057 (1986).

for summary judgment on the fact issue of infringement with great care." *Cole v. Kimberly-Clark Corp.*, 102 F.3d 524, 528 (Fed. Cir. 1996), *cert. denied*, ___ U.S. ___, 118 S. Ct. 56 (1997); *see also Glaxo Group, Ltd.*, ___ F.3d at ___, 1988 WL 515736 at *4 ("We review the grant of summary judgment of non-infringement without deference to the district court."). However, "[w]here the determination of infringement turns solely on the legal question of the proper construction of the claims, summary judgment is appropriate." *Mantech Envtl. Corp. v. Hudson Envtl. Servs., Inc.*, ___ F.3d ___, ___, 1998 WL 469887, *2 (Fed. Cir. Aug. 13, 1998); *Laitram Corp. v. Morehouse Indus., Inc.*, 143 F.3d 1456, 1462 (Fed. Cir. 1998); *Gentex Corp. v. Donnelly Corp.*, 69 F.3d 527, 530 (Fed. Cir. 1995). Also, " 'in rendering a decision on a motion for summary judgment, a court must "view the evidence presented through the prism of the substantive evidentiary burden" that would inhere at trial.' " *Rockwell Int'l Corp. v. United States*, 147 F.3d 1358, 1362 (Fed. Cir. 1998) (quoting *Monarch Knitting Mach. Corp. v. Sulzer Morat Gmbh*, 139 F.3d 877, 880 (Fed. Cir. 1998), in turn quoting *Anderson*, 477 U.S. at 254). Thus, "the . . . determination of invalidity [on summary judgment] . . . must be predicated on facts established by clear and convincing evidence." *Id.; Laitram Corp.*, 143 F.3d at 1464-65 (where "the district court did not err in holding that [party challenging validity] could not prove invalidity by clear and convincing evidence, [the patentee] was entitled to summary judgment on this issue"); *National Presto Indus., Inc. v. West Bend Co.*, 76 F.3d 1185, 1189 (Fed. Cir. 1996) ("[I]n deciding a motion for summary judgment of invalidity the [heightened] burden of proof [of clear and convincing evidence] must be considered.").

With these standards in mind, the court will consider Automatic's motion for summary judgment on the invalidity of the Dethmers reissue patent and Dethmers's motion for summary judgment on the invalidity and unenforceability of Automatic's patent and Dethmers's non-infringement of that patent.

D. Automatic's Motion For Summary Judgment Of Patent Invalidity

On March 11, 1998, Automatic moved for summary judgment on the invalidity of the Dethmers reissue patent, the Re482 patent. Automatic asserts that the alleged "error" in the original patent asserted by Dethmers in seeking the reissuance is not of the kind that justifies the granting of a reissue patent. Automatic also asserts that the Re482 patent is not for the same general invention as the original '240 patent, the Johnson patent. Finally, Automatic contends that the required declaration of the inventor or his representative in support of the application for a reissue patent is fatally defective. Therefore, Automatic seeks summary judgment on Count II of Dethmers's second supplemental amended complaint, which asserted Automatic was infringing the Re482 patent.

1. Adequacy of the "error" in the original patent

Automatic argues as its first ground for summary judgment on the invalidity of the Re482 patent that the alleged "error" in the original patent asserted by Dethmers in seeking the reissuance is not of the kind that justifies the granting of a reissue patent. More specifically, Automatic argues that Dethmers attempted to reissue the

patent to broaden its claims based on an asserted error that the assignee "believed" that, had the original application been drafted differently, the patent would cover more competing devices than the '240 patent covers. Such a "belief," Automatic contends, is a *de novo* re-prosecution, based purely on hindsight, in an attempt to make the patent Dethmers purchased encompass as many competing devices as Dethmers had hoped it would. Failure of the inventor to appreciate the limiting effects of claim language is an insufficient error to warrant reissue, Automatic contends, particularly when, as here, the language of the claims and their prosecution history reflect a deliberate choice to limit the claims as stated in the '240 patent. Furthermore, Automatic argues that the claimed error is not about a highly technical or difficult aspect of the invention; there is no supporting statement from the attorney who prosecuted the '240 patent in the reissue prosecution file; and other factors indicate that the "error" alleged in the declaration was not the type of error amenable to correction under 35 U.S.C. § 251.

On this part of the motion, Dethmers counters that there are adequate errors in both the patent and the conduct of the original prosecution to support reissue. The adequate "error in the patent," Dethmers contends, was that Johnson claimed less than he had a right to claim in the original patent. First, the '240 patent potentially limited the patent beyond what was necessary by using the term "pivot block" instead of "pivot member." Second, all of the claims include the limitations of original application claims 2 and 3, which related to pivot arms and locking means, but those limitations were not in fact necessary to patentability. The "error in conduct,"

Dethmers contends, was Johnson's unintentionally limiting his claims, without any deceptive intent. In reply, Automatic reiterates that these errors are insufficient.

a. Standards for reissue patents

The patent reissue process, 35 U.S.C. §§ 251-252, is designed to correct mistakes in drafting or the like in a patent already issued. *Warner-Jenkinson Co., Inc. v. Hilton Davis Chem. Co.,* 520 U.S. 17, ___, 117 S.Ct. 1040, 1047 (1997) (holding, *inter alia,* that the availability of the reissue process did not vitiate the viability of the doctrine of equivalents for products that do not literally infringe a patent); *Wahpeton Canvas Co. v. Bremer,* 958 F. Supp. 1347, 1356 (N.D. Iowa 1997) (*Wahpeton II*); *Wahpeton Canvas Co. v. Bremer,* 893 F. Supp. 863, 872-73 (N.D. Iowa) (*Wahpeton I*), *appeal denied,* 64 F.3d 671 (Fed. Cir. 1995) (Table Opinion). The circumstances under which reissue is permitted are set forth in 35 U.S.C. § 251, which provides in pertinent part:

> Whenever any patent is, through error without any deceptive intention, deemed wholly or partly inoperative or invalid, by reason of a defective specification or drawing, or by reason of the patentee claiming more or less than he had a right to claim in the patent, the Commissioner shall, on the surrender of such patent and the payment of the fee required by law, reissue the patent for the invention disclosed in the original patent, and in accordance with a new and amended application, for the unexpired part of the term of the original patent. No new matter shall be introduced into the application for reissue.

35 U.S.C. § 251. Therefore, in order to obtain a reissue patent, the patentee must file an oath or declaration stating that the original patent is defective because of an "error in the patent," such as claiming more or less than the patentee was entitled to, and an "error in conduct," which is that the error in the patent occurred without deceptive intent. *Hewlett-Packard Co. v. Bausch & Lomb Inc.*, 882 F.2d 1556, 1564 (Fed. Cir. 1989), *cert. denied*, 493 U.S. 1076 (1990); *Wahpeton II*, 958 F. Supp. at 1356; *Wahpeton I*, 893 F. Supp. at 872-73. "Whether the statutory requirements of 35 U.S.C. § 251 have been met is a question of law," although "[t]his legal conclusion can involve underlying factual questions." *Hester Indus., Inc. v. Stein, Inc.*, 142 F.3d 1472, 1479 (Fed. Cir. 1998) (citing *In re Clement*, 131 F.3d 1464, 1468 (Fed. Cir. 1997)), *petition for cert. filed*, 67 USLW 3113 (Aug. 5, 1998) (No. 98-239).[8]

More specifically, "[t]he 'error' requirement limits the availability of a reissue patent to certain correctable errors." *Id.* The Federal Circuit Court of Appeals recently explained as follows:

> In considering the "error" requirement, we keep in mind that the reissue statute is "based on fundamental principles of equity and fairness, and should be construed liberally." *In re Weiler,*

[8] The court notes that the appellate decision in *Hester* was handed down on May 7, 1998, after Automatic filed its opening brief, which relied on the district court's decision in *Hester*, but not before Dethmers filed its resistance brief or Automatic filed its reply brief. Both parties made some reference to the appellate decision. Therefore, the parties should not be surprised by this court's heavy reliance on the appellate decision in *Hester*.

> 790 F.2d 1576, 1579, 229 USPQ 673, 675 (Fed. Cir. 1986). We also keep in mind that "not every event or circumstance that might be labeled 'error' is correctably by reissue." *Id.* Indeed, the reissue procedure does not give the patentee the right "to prosecute *de novo* his original application." *Id.* at 1582, 790 F.2d 1576, 229 USPQ at 677; *see also Mentor Corp. v. Coloplast, Inc.,* 998 F.2d 992, 995, 27 USPQ2d 1521, 1524 (Fed. Cir. 1993).

Hester Indus., Inc., 142 F.3d at 1480. As is the case here, the "error in the patent" asserted in *Hester* was that someone failed to appreciate the scope of the invention:

> One of the most commonly asserted "errors" in support of a broadening reissue is the failure of the patentee's attorney to appreciate the full scope of the invention during the prosecution of the original patent application. *See [In re] Amos,* 953 F.2d [613,] 616, 21 USPQ2d [1271,] 1273 [(Fed. Cir. 1991)]; *In re Wilder,* 736 F.2d 1516, 1519, 222 USPQ 369, 371 (Fed. Cir. 1984) [, *cert. denied,* 469 U.S. 1209 (1985)]. This form of error has generally been accepted as sufficient to satisfy the "error" requirement of § 251. *See Clement,* 131 F.3d at 1468, 45 USPQ2d at 1163; *Wilder,* 736 F.2d at 1519, 222 USPQ at 371.

Hester Indus., Inc., 142 F.3d at 1480-81.[9] Thus, at least on its face, the purported error in the patent asserted here –

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[9] Automatic makes much of the fact that it is not the patentee's attorney who purportedly did not appreciate the scope of the patentable invention, but the inventor himself, and that Johnson, the original inventor, had died before the reissuance proceedings were initiated or even contemplated. Automatic relies on *Weiler,* 790 F.2d at 1583 n.4, for

(Continued on following page)

that Johnson claimed less than he had a right to claim in the original patent, because he failed to appreciate the full scope of the invention – is sufficient.

However, where the asserted "error" attempts to remove, through reissue, limitations heavily relied upon to obtain allowance of the original patent claims over the prior art, a special concern is raised. *Id.* at 1480.

> This concern is addressed most squarely by the "recapture rule," recently discussed at length in *Clement,* 131 F.3d 1464, 45 USPQ2d 1161. The recapture rule "prevents a patentee from regaining through reissue . . . subject matter that he surrendered in an effort to obtain allowance of the original claims." *Clement,* 131 F.3d at 1468, 45 USPQ2d at 1164. The rule is rooted in the

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the proposition that the *inventor's* "reliance on allegations of the *inventor's* ignorance of drafting and claiming technique is unavailing," because "[t]hose allegations could be frequently made, and if accepted as establishing error, would require the grant of reissues on anything and everything mentioned in a disclosure." Automatic also points out that nowhere is there a statement from the attorney who prosecuted the original patent, Mr. Frederickson, asserting that *he* did not appreciate the scope of the patentable claims in Johnson's invention. The court concludes, however, that the important issue is not *who* purportedly made the error, but whether the error itself is sufficient to support reissue of the patent. *See Hester Indus., Inc.,* 142 F.3d at 1480-82 (examining in detail the nature of the asserted "error" in the patent). Automatic's argument about the lack of evidence that either Johnson or the attorney who prosecuted the original '240 patent believed Johnson had claimed less than he had a right to claim, however, is more material to the point recognized in *Weiler* that "[i]nsight resulting from hindsight on the part of new counsel does not, in every case, establish error." *In re Weiler,* 790 F.2d at 1583 n.4. Whether the purported "error" here is the result of hindsight will also become most apparent from examination of the purported error itself, not who made it.

> "error" requirement in that such a surrender is not the type of correctable "error" contemplated by the reissue statute. *See Mentor,* 998 F.2d at 995-96, 27 USPQ2d at 1525.

Hester Indus., Inc., 142 F.3d at 1480. In *Hester,* the Federal Circuit Court of Appeals first defined the "recapture rule," then established the various steps in the "recapture" analysis:

> "Under [the recapture] rule, claims that are 'broader than the original patent claims in a manner directly pertinent to the subject matter surrendered during prosecution' are impermissible." *Clement,* 131 F.3d at 1468, 45 USPQ2d at 1164 (quoting *Mentor,* 998 F.2d at 996, 27 USPQ2d at 1525). Application of the recapture rule begins with a determination of whether and in what respect the reissue claims are broader than the original patent claims. *See id.* A reissue claim that does not include a limitation present in the original patent claims is broader in that respect. *See id* . . . .
>
> [If] the reissue claims are broader in [some] respects, under the recapture rule we next examine whether these broader aspects relate to surrendered subject matter. *See id.* at 1468-69, 131 F.3d 1464, 45 USPQ2d at 1164. "To determine whether an applicant surrendered particular subject matter, we look to the prosecution history for arguments and changes to the claims made in an effort to overcome a prior art rejection." *Id.* at 1469, 131 F.3d 1464, 45 USPQ2d at 1164 (emphasis added). This statement in *Clement* indicates that a surrender can occur by way of arguments or claim changes made during the prosecution of the original patent application. To date, the cases in which this court has found an

> impermissible recapture have involved claim amendments or cancellations. *See, e.g., id.* at 1469-70, 131 F.3d 1464, 45 USPQ2d at 1164-65; *Mentor,* 998 F.2d at 995-96, 27 USPQ2d at 1524-25. However, in addition to the suggestion in *Clement* that argument alone can effect a surrender, this court expressly left open that possibility in *Ball Corp. v. United States:* "If reissue is sought where claims have not been previously canceled, analysis becomes more difficult. In that case relative claim scope is not available to illuminate the alleged error. We are not faced with that situation in this proceeding." 729 F.2d 1429, 1436 n.19, 221 USPQ 289, 295 n.19 (Fed. Cir. 1984). Prior to this case, this court has not squarely addressed the question.

Hester Indus., Inc., 142 F.3d at 1480-81. In *Hester,* the court specifically concluded that "[a]rguments made to overcome prior art can equally evidence an admission sufficient to give rise to a finding of surrender. . . . Amendment of a claim is not the only permissible predicate for establishing a surrender." *Id.* at 1481; *see also id.* at 1482 ("Thus we conclude that, in a proper case, a surrender can occur through arguments alone.").[10] The third step in the "recapture rule" analysis – after determining whether the reissue claims are broader in some respects, and whether these broader aspects relate to

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[10] The court also likened the "recapture rule" to prosecution history estoppel, "which prevents the application of the doctrine of equivalents in a manner contrary to the patent's prosecution history," because, "[l]ike the recapture rule, prosecution history estoppel prevents a patentee from regaining subject matter surrendered during prosecution in support of patentability." *Id.* (citing *Warner-Jenkinson Co.,* 520 U.S. at ___, 117 S. Ct. at 1051.)

surrendered subject matter – is to "determine whether the surrendered subject matter has crept back into the asserted reissue claims." *Id.* at 1482. "Finally, because the recapture rule may be avoided in some circumstances, we consider whether the reissue claims were materially narrowed in other respects." *Id.* This consideration is pertinent, because "[r]eissue claims that are broader in certain respects and narrower in others may avoid the effect of the recapture rule." *Mentor,* 998 F.2d at 996; *see also Hester Indus., Inc.,* 142 F.3d at 1482 (citing *Mentor* and *Clement,* 131 F.3d at 1470, for this proposition).

b. Application of the standards

In light of the foregoing discussion, the court's analysis of the error in the patent asserted here will proceed in the following steps identified in *Hester:* (1) determination of whether and in what respect the reissue claims are broader than the original patent claims; (2) if the reissue claims are broader in some respects, examination of whether these broader aspects relate to surrendered subject matter; (3) determination of whether the surrendered subject matter has crept back into the asserted reissue claims; and (4) consideration of whether the reissue claims were materially narrowed in other respects. *See Hester Indus., Inc.,* 142 F.3d at 1480-82.

As to the first step, it is plain that the reissue claims are broader than the original patent claims, because the reissue claims do not include limitations present in the original patent claims. *Hester Indus., Inc.,* 142 F.3d at 1480. As the court noted above, the alteration of the claims of the Re482 patent consisted of deletions of the fourth through eighth indented paragraphs of claim 1 of the '240

patent. Those paragraphs explained the nature of the "pivot arms" that were part of the claimed invention. *See* p. 18 above. The fact that the limitations of the "pivot arms" are removed from claim **1** of the Re482 patent is further demonstrated by the deletion of "arms and" in the last of the indented paragraphs of claim **1** both times those words appear. Furthermore, while all of the claims in the original '240 patent refer to a "pivot block," some of the new claims, independent claims of the Re482 patent, such as claim **6**, refer instead to a "pivot member," while new, independent claim **7** refers to a "pivot means." Thus, these new claims do not include the limitation of a "pivot block" found in the original patent.

Because the reissue claims are broader than those of the original patent, the court turns to the second step of the analysis, examination of whether these broader aspects relate to surrendered subject matter. *Hester Indus., Inc.,* 142 F.3d at 1480. "'To determine whether an applicant surrendered particular subject matter, we look to the prosecution history for *arguments* and changes to the claims made in an effort to overcome a prior art rejection.'" *Id.* (quoting *Clement,* 131 F.3d at 1469; emphasis in the original). Automatic asserts that Johnson elected to include the "pivot arms" as the *only* means of connection to the towed vehicle when the examiner pointed out that this connection means, stated in dependent claim 2 of the application, contradicted the connection means stated in independent claim 1 of the application. The election of "pivot arms," however, is nowhere asserted to have been made "in an effort to overcome *a prior art rejection,*" *id.* (emphasis added), but instead to overcome an internal inconsistency of the patent application. Indeed, Dethmers asserts that the pivot arms were not necessary to the

patentability of the invention, because Johnson already held patents for pivot arms. Thus, while claims **1**, **2**, and **3** of the Re482 patent now state *no* connection means to the towed vehicle, the "pivot arms" connection means stated in claim **1** of the '240 patent was not added to surrender the subject matter of other connection means in an effort to overcome a prior art rejection. *Id.* Nor was the choice of language of a "pivot block" made "in an effort to overcome *a prior art rejection.*" *Id.* (emphasis added). Although Automatic points out that the examiner originally rejected claim 4 of the application, which included the pivot block, because no connection was provided between the pivot block and the rear portion of the apparatus, and in doing so observed that "[t]he prior art fails to teach the use of a pivot bolt mounted through a pivot block which allows pivotal movement of the rear portion of the apparatus upon a transverse horizontal axis," this does not mean that the use of "pivot block" was necessary to overcome prior art. These comments mean only that the claim would be allowable if rewritten to provide the missing connection between the pivot block and the rear portion of the apparatus. Johnson's response indicated that he added a new independent claim, which identified the pivot block as included in the rearward portion of the apparatus, to "overcom[e] the examiner's objection to the language of the original claim 4." The examiner's "objection" was again lack of connection, not anticipation by prior art. Because the broader aspects of the Re482 patent do not relate to surrendered subject matter, the asserted "error in the patent" does not run afoul of the "recapture rule" and the court need proceed no further with its analysis of "error in the patent."

Nor can the court find that Automatic has established an inadequate "error in conduct." Automatic has failed to point to any portion of the record undermining Dethmers's assertion that the error in the patent occurred without deceptive intent. *Hewlett-Packard Co.*, 882 F.2d at 1564; *Wahpeton II*, 958 F. Supp. at 1356; *Wahpeton I*, 893 F. Supp. at 872-73. Therefore, Automatic is not entitled to summary judgment of invalidity on the ground that insufficient "errors" were relied upon in seeking reissuance of the '240 patent as the Re482 patent.

2. The same invention

Nonetheless, Automatic also asserts that the Re482 patent is invalid because it is not for the same general invention as the original '240 patent. The "original patent" requirement, also found in 35 U.S.C. § 251, "is a second and independent requirement . . . , which restricts a reissue patent to 'the invention disclosed in the original patent.'" *Hester Indus., Inc.*, 142 F.3d at 1479 (finding this requirement in 35 U.S.C. § 251 ¶ 1; internal citation omitted).[11]

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[11] Section 251 provides, in pertinent part, that upon adequate showing of "error" without deceptive intent, "the Commissioner shall . . . reissue the patent for the invention disclosed in the *original patent*, and in accordance with a new and amended application, for the unexpired part of the term of the original patent. *No new matter shall be introduced into the application for reissue.*" 35 U.S.C. § 251 (emphasis added).

a. The appropriate test

In *Hester,* the court reaffirmed that the "original patent" requirement does not depend upon the inventor's "objective intent to claim" the invention as claimed in the reissue patent, a requirement that had been part of the predecessor reissue statute, 35 U.S.C. § 64 (1964). *Id.* at 1484. Thus, Automatic's assertion that the "original intent to claim" analysis "is fatal to the newly added claims of Re. '482" carries far less weight than Automatic might have supposed before the appellate decision in *Hester.*

> Rather, [in *In re Amos,* 953 F.2d 613 (Fed. Cir. 1991),] the court concluded: "the essential inquiry under the 'original patent' clause of § 251 . . . is whether one skilled in the art, reading the specification, would identify the subject matter of the new claims as invented and disclosed by the patentees." *Id.* at 618, 953 F.2d 613, 21 USPQ2d at 1275. The court noted that this inquiry is analogous to the "written description" requirement of 35 U.S.C. § 112 ¶ 1 (1994). *Id.* The court further stated that, to the extent the construct of an objective intent to claim is useful, it is "only one factor that sheds light" on whether the "original patent" clause of § 251 is satisfied. *Id.* at 619 & n.2, 21 USPQ2d at 1275-76 & n.2 (quoting *In re Hounsfield,* 699 F.2d 1320, 1323, 216 USPQ 1045, 1047-48 (Fed. Cir. 1983)).

Hester, 142 F.3d at 1484-85. In its reply brief, recognizing the import of the appellate decision in *Hester,* Automatic asserts that "intent to claim" remains a factor in the "original patent" analysis and that here it weighs in favor of granting Automatic's motion for summary judgment, because there is no hint that Johnson intended to claim an

invention without pivot arms or an invention involving anything other than a "pivot block."

The *Amos* decision, upon which the Federal Circuit Court of Appeals relied in *Hester,* provides the following further guidance:

> [T]he purpose of the rubric "intent to claim" is to ask the same question as to whether "new matter" has been "introduced into the application for reissue" thus, perforce, indicating that the new claims are not drawn to the same invention that was originally disclosed. That inquiry is but a restatement of the question whether that which is claimed in reissue could have been claimed on the basis of the original disclosure, given that the requisite inadvertent error has been demonstrated, as is the case here. *Thus, the inquiry that must be undertaken to determine whether the new claims are "for the invention" originally disclosed, to paraphrase [In re] Rowand, [526 F.2d 558 (CCPA 1975),] is to examine the entirety of the original disclosure and decide whether, through the "objective eyes" of the hypothetical person having ordinary skill in the art, an inventor could fairly have claimed the newly submitted subject matter in the original application, given that the requisite error has been averred.* We agree with, and, in any event, are bound by, the statement in *[In re] Mead,* [581 F.2d 251 (CCPA 1978)], quoted above, that the inquiry under § 251 as to whether the new claims are for the invention originally disclosed is analogous to the analysis required by § 112 ¶ 1. Under one aspect of that analysis, a court must ascertain whether "the disclosure originally filed [conveys] to those skilled in the art that applicant had invented the subject matter later claimed." *Wilder,* 736 F.2d at

> 1520, 222 USPQ at 372; *see also In re Kaslow*, 707 F.2d 1366, 1375, 217 USPQ 1089, 1096 (Fed. Cir. 1983); *In re Edwards*, 568 F.2d 1349, 1351, 196 USPQ 465, 467 (CCPA 1978) ("The function of the description requirement is to ensure that the inventor had possession, as of the filing date of the application relied on, of the specific subject matter later claimed by him.").
>
> * * *
>
> *We conclude that, under both Mead and Rowand, a claim submitted in reissue may be rejected under the "original patent" clause if the original specification demonstrates, to one skilled in the art, an absence of disclosure sufficient to indicate that a patentee could have claimed the subject matter. Merely finding that the subject matter was "not originally claimed, not an object of the original patent, and not depicted in the drawing," does not answer the essential inquiry under the "original patent" clause of § 251, which is whether one skilled in the art, reading the specification, would identify the subject matter of the new claims as invented and disclosed by the patentees.* In short, the absence of an "intent," even if objectively evident from the earlier claims, the drawings, or the original objects of the invention is simply not enough to establish that the new claims are not drawn to the invention disclosed in the original patent.

In re Amos, 953 F.2d at 618-19 (emphasis added).

b. Application of the test

The court concludes that Automatic's motion for summary judgment on patent invalidity on this ground

must be denied, not least because of the heavy burden of proof Automatic bears. *See Rockwell Int'l Corp.,* 147 F.3d at 1362 (Fed. Cir. 1998) ("the . . . determination of invalidity [on summary judgment] . . . must be predicated on facts established by clear and convincing evidence"); *Laitram Corp.,* 143 F.3d at 1464-65 (where "the district court did not err in holding that [party challenging validity] could not prove invalidity by clear and convincing evidence, [the patentee] was entitled to summary judgment on this issue"); *National Presto Indus., Inc.,* 76 F.3d at 1189 ("[I]n deciding a motion for summary judgment of invalidity the [heightened] burden of proof [of clear and convincing evidence] must be considered.").

The court held above that there were, or at least there are genuine issues of material fact as to whether there were, adequate "errors" asserted upon which to seek reissue of the '240 patent. Thus, the condition *ante* of the "original patent" clause, that "the requisite error has been averred," is or may be present here. *See Amos,* 953 F.2d at 618. More importantly, the court finds that there are genuine issues of material fact as to "whether one skilled in the art, reading the specification, would identify the subject matter of the new claims as invented and disclosed by the patentees." *Id.* Dethmers has generated those genuine issues of material fact with the reports of its experts that the specifications of the '240 patent do indeed "identify the subject matter of the new claims as invented and disclosed by the patentees." The court is simply unable to hold, as a matter of law, that the specifications required the limitation of "pivot arms" in claim 1 or that use of the term "pivot block" was mandated as the only appropriate term by the specifications or the prosecution

history. Therefore, Automatic's motion for summary judgment of invalidity on this ground must also be denied.

3. Defective declaration

As its final ground for summary judgment of invalidity of the Re482 patent, Automatic contends that the required declaration of the inventor or his representative in support of the application for a reissue patent is fatally defective. Specifically, Automatic contends that the declaration does not specify how or when the errors arose or occurred or how and when these errors were discovered, and that the declaration fails to address many of the changes that were made to the original '240 patent. Furthermore, Automatic asserts that Arline Johnson provided only inadequate proof of her authority as the legal representative of the inventor, Andrew Johnson, because her certification by the clerk of court of her letters testamentary was nearly two years old at the time the PTO demanded proof of her authority. Automatic also contends that Arline Johnson was not competent to make the declaration, because she did not review and understand the contents of the specification.

a. Requirements of the declaration

At the time reissue of the '240 patent was sought, the regulation stating the requirements for the reissue declaration, 37 C.F.R. § 1.175, required that the declaration or oath include the following matter pertinent here:

> (1) When the applicant verily believes the original patent to be wholly or partly inoperative or invalid, stating such belief and the reasons why.

(2) When it is claimed that such patent is inoperative or invalid "by reason of a defective specification or drawing," particularly specifying such defects.

(3) When it is claimed that such patent is inoperative or invalid "by reason of the patentee claiming more or less than he [or she] had the right to claim in the patent," distinctly specifying the excess or insufficiency in the claims.

* * *

(5) Particularly specifying the errors relied upon, and how they arose or occurred.

(6) Stating that said errors arose "without any deceptive intention" on the part of the applicant.

37 C.F.R. § 1.175(a) (1996).[12] The Federal Circuit Court of Appeals most recently discussed the requirements for the

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[12] The regulation has since been altered. It now states the following:

§ 1.175 Reissue oath or declaration.

(a) The reissue oath or declaration in addition to complying with the requirements of § 1.63, must also state that:

(1) The applicant believes the original patent to be wholly or partly inoperative or invalid by reason of a defective specification or drawing, or by reason of the patentee claiming more or less than the patentee had the right to claim in the patent, stating at least one error being relied upon as the basis for reissue; and

(2) All errors being corrected in the reissue application up to the time of filing of the oath or declaration under this paragraph arose without any deceptive intention on the part of the applicant.

(Continued on following page)

declaration in support of reissuance of a patent in *Nupla Corp. v. IXL Mfg. Co., Inc.,* 114 F.3d 191 (Fed. Cir. 1997), also relying on this version of 37 C.F.R. § 1.175:

> Our case law requires a reissue application to include declarations "to specify every difference between the original and reissue claims." *In re Constant,* 827 F.2d 728, 729, 3 USPQ2d 1479, 1480 (Fed. Cir. 1987) [, *cert. denied,* 484 U.S. 894

(b)(1) For any error corrected, which is not covered by the oath or declaration submitted under paragraph (a) of this section, applicant must submit a supplemental oath or declaration stating that every such error arose without any deceptive intention on the part of the applicant. Any supplemental oath or declaration required by this paragraph must be submitted before allowance and may be submitted:

(i) With any amendment prior to allowance; or

(ii) In order to overcome a rejection under 35 U.S.C. § 251 made by the examiner where it is indicated that the submission of a supplemental oath or declaration as required by this paragraph will overcome the rejection.

(2) For any error sought to be corrected after allowance, a supplemental oath or declaration must accompany the requested correction stating that the error(s) to be corrected arose without any deceptive intention on the part of the applicant.

(c) Having once stated an error upon which the reissue is based, as set forth in paragraph (a)(1), unless all errors previously stated in the oath or declaration are no longer being corrected, a subsequent oath or declaration under paragraph (b) of this section need not specifically identify any other error or errors being corrected.

(d) The oath or declaration required by paragraph (a) of this section may be submitted under the provisions of § 1.53(f).

37 C.F.R. § 1.175 (1998).

> (1987)]. In *Constant,* this court affirmed the decision of the United States Patent and Trademark Office, Board of Patent Appeals and Interferences ("Board"), which affirmed the examiner's rejection of a reissue application on the ground that the applicant failed to comply with 37 C.F.R. § 1.175. There, the appellant argued that the Board erred in its interpretation of the regulation by requiring "every difference between the original and reissue claims" to be specified. This court rejected that appeal because the declaration addressed only one type of change, and "failed to address the remaining 'excesses and insufficiencies' as required by § 1.175(a)(3)." *Id.* The court, while noting that there was no implication that the Manual of Patent Examining Procedure ("MPEP") is binding on this court, cited MPEP § 1444 which states now, as it did then, that "[e]very departure from the original patent . . . must be particularly and distinctly specified and supported in the original, or a supplemental, reissue oath or declaration under 37 C.F.R. [§] 1.175." MPEP § 1444 (6th ed., Rev.1, Sept. 1995); *Constant,* 827 F.2d at 729, 3 USPQ2d at 1480. The court concluded that "[a]ppellant has failed to show any error of law in the Board's application of rule 175 or in the rule's promulgation." *Constant,* 827 F.2d at 729, 3 USPQ2d at 1480.

Nupla Corp., 114 F.2d [sic] at 194. Thus, the Federal Circuit Court of Appeals requires strict compliance with the regulations, which in turn strictly require that "[e]very departure from the original patent . . . must be particularly and distinctly specified and supported in the original, or a supplemental, reissue oath or declaration under 37 C.F.R. [§] 1.175." *Id.* (quoting MPEP § 1444).

In *Nupla,* the court first noted that every claim of the patent contained at least one new limitation absent from the originally issued claims that was not explained by the declaration. *Nupla,* 114 F.3d at 194. The patentee, however, argued that some of the departures were in response to rejection by the examiner, and thus a declaration explaining such additional limitations was unnecessary, since it did not pertain to any "error" asserted. *Id.* The court was unpersuaded, concluding that the patentee, who asserted the "error" was overclaiming, not underclaiming as is the case here, "misperceives the nature and scope of the errors covered by the reissue statute and regulations." *Id.*

> [T]he "error" must only be the "claiming of more or less than he [or she] had a right to claim" for some excusable reason. 35 U.S.C. § 251. Leaving aside the excusability of the reason, the essence of "error" addressable in the reissue procedure is this overclaiming or underclaiming . . . .
>
> The reissue regulations require full explanation of each "excess" in the original claims. As noted above, section 1.175(a)(3), the primary applicable subsection, concerns "the patentee claiming more . . . than he [or she] had the right to claim in the patent" and the subsection then expressly requires that the declaration meet the test of "distinctly specifying the excess . . . in the claims." Section 1.175(a)(5) then requires an explanation of the "errors relied upon, and how they arose or occurred." Finally, section 1.175(a)(6) requires an assertion that each such error arose without deceptive intent. Therefore, only if the declaration or any supplemental declaration establishes that the overclaiming or underclaiming resulted from an excusable error

> may reissue application claims be allowed. *If the alterations which the reissue applicant made were not to correct an "error," they could not be made during reissue* . . . .
>
> We therefore hold, based on the principle announced in *Constant* and the explicit requirements of 37 C.F.R. § 1.175(a)(3), (5), and (6), that when amendments correcting an overclaiming are made during reissue prosecution in response to a rejection, a patentee is obligated to file a supplementary declaration explaining the source of the overclaiming error, that it was nondeceptive and otherwise excusable, and how the amendment corrects the overclaiming. Since no declaration, either original or supplementary, explained the error resulting in the amendments to the reissue application claims to include the "tool" limitations, the declaration was insufficient. As noted above, all the reissue claims contain the "tool" limitations. Therefore, they were all properly deemed invalid.

Nupla Corp., 114 F.3d at 194-95 (emphasis added).

b. Sufficiency of the declaration

The conclusion of *Nupla* holds equally for an underclaiming, the "error" asserted here: the "error" is the underclaiming and every alteration that the reissue applicant made was to correct that "error," or it could not be made during reissue. *Id.* Each and every such alteration must be explained in the reissue declaration pursuant to 37 C.F.R. § 1.175. *See id.* The declaration in support of the Re482 patent fails to meet these standards.

In an Office Action dated December 6, 1995, the examiner rejected the first reissue oath or declaration submitted on the following grounds:

> 1. The reissue oath or declaration filed with this application is defective because it fails to particularly specify the errors and/or how the errors relied upon arose or occurred as required under 37 C.F.R. [§] 1.175(a)(5). Included are inadvertent errors in conduct, i.e., actions taken by the applicant, the attorney or others, before the original patent issued, which are alleged to be the cause of the actual errors in the patent. This includes how and when the errors in conduct arose or occurred, as well as how and when these errors were discovered. Applicant's attention is directed to *Hewlett-Packard v. Bausch & Lomb,* 882 F.2d 1556, 11 USPQ2d 1750, 1758 (Fed. Cir. 1989).
>
> Applicant has only specified how the errors in the claims arose. The reissue declaration fails to specify the errors in the **specification and abstract**, and how the errors relied upon arose or occurred.

Defendant's Evidence in Support of Statement of Uncontroverted Material Facts, Volume I, Deposition Exhibit No. 2, Bates stamp p. 000747 (emphasis in the original). Dethmers contends that the first paragraph of this rejection is a "form," while the second paragraph clearly indicates that the errors in the claims have been adequately specified; only those in the specification and abstract needed correction. The plain language of the rejection, however, is that, while *how* the errors in the claims arose may have been adequately specified, the first requirement

– particular specification of the errors themselves – has not been met.

In any event, Dethmers responded to the rejection by filing a Substitute Reissue Application Declaration by Arline Johnson. *See* Defendant's Evidence in Support of Statement of Uncontroverted Material Facts, Vol. 1, Deposition Exhibit No. 2, Substitute Reissue Application Declaration on Behalf of Inventor by Personal Representative (hereinafter Substitute Declaration), Bates stamp pp. 000706-713. The Substitute Declaration stated the errors to be "in Johnson's claiming less than he had the right to claim in the patent." *Id.* at p. 2 (Bates stamp p. 707). More specifically, the Substitute Declaration states the following:

> There are two substantive errors that arose in the claims of the patent which are at issue.
>
> The first error that arose in the claims of the patent was the inclusion of the subject matter of [application] claims 2 and 3 in the amended base [application] claim 7. This subject matter was not material to the invention. This subject matter had already been disclosed in Johnson's own prior patent which was cited by the Examiner to reject [application] claims 2 and 3. Furthermore, the Examiner stated that the basis for allowability was that the prior art failed to teach the use of a pivot bolt mounted through a pivot block which allows pivotal movement of the rear portion of the apparatus about a transverse horizontal axis. This structure has nothing to do with the subject matter of [application] claims 2 and 3. Accordingly, Johnson claimed less than he had the right to claim when the subject matter of [application] claims 2 and 3 and related language

were included in amended [application] base claim 7.

The second error which arose in the claims was the use of the potentially structurally limiting term "pivot block" in original [application] claim 4 which the Examiner then included in his statement of reasons for allowable subject matter. It is believed that the term "pivot means" would have been equally allowable as it was Johnson's teaching of means which allows pivotal movement of the rear portion of the apparatus about a transverse horizontal axis which was novel and nonobvious over the prior art. None of the prior art patents cited in the original patent teach such means which allows for pivotal movement between a storage position, wherein the pivotal plane of the arms and bars is generally vertical, and a towing position, wherein the pivotal plane of the arms and bars is generally horizontal. Accordingly, Johnson again claimed less than he had the right to claim when [application] base claim 7 was limited to a "pivot block having upper and lower surfaces, forward and rearward ends, and opposing side surfaces . . .". [sic]

The errors arose because Johnson failed to appreciate the limiting effects of the above language. Such errors arose without any deceptive intent on the part of Johnson or his attorneys.

Substitute Declaration, pp. 4-5 (Bates stamp pp. 000709-710). In addition, the Substitute Declaration includes a table, reproduced here, that "summarizes how the claims submitted for reissue differ in scope from the originally issued claims":

Claim Submitted for Reissue	Original Claim	How Claim Submitted for Reissue Differs from Original Claim
1	1	No requirement that pivot arms be present. No requirement for connection means to selectively connect pivot arms to a vehicle to be towed.
2	2	No requirement that pivot arms be present. No requirement for connection means to selectively connect pivot arms to a vehicle to be towed.
3	3	No requirement that pivot arms be present. No requirement for connection means to selectively connect pivot arms to a vehicle to be towed.
4	1	No requirement for means to lock the pivot arms and the bars in axial alignment.
5	1	No substantive difference in scope.
6	1	No requirement that pivot arms be present. No requirement for connection means to selectively pivot arms to a vehicle to be towed. A "pivot member" is required instead of a "pivot block."

7	1	No requirement that pivot arms be present. No requirement for connection means to selectively connect pivot arms to a vehicle to be towed. "Pivot means" required instead of a "pivot block."
8	1	Identical claims.
9	2	Identical claims.
10	3	Identical claims.

Substitute Declaration, p. 6 (Bates stamp p. 711). The Substitute Declaration then lists several essentially typographical errors in the specification and abstract. *Id.* at p. 7 (Bates stamp p. 712).

The general statement of the two errors in the Substitute Declaration and the table summarizing differences in scope, however, do not comply with the requirements of *Nupla* and *Constant* that the reissue application declaration "'specify *every* difference between the original and the reissue claims.'" *Nupla Corp.,* 114 F.3d at 194 (quoting *Constant,* 827 F.2d at 729; emphasis added). At most, they identify only the "big picture," but not the bedeviling details. It cannot be said that this declaration complies with the requirement that "'*[e]very departure* from the original patent . . . must be particularly and distinctly specified and supported in the original, or a supplemental, reissue oath or declaration under 37 C.F.R. [§] 1.175.'" *Id.* (quoting MPEP § 1444; emphasis added). Nowhere does the declaration detail particularly and distinctly each and every alteration in or departure from the claims in the

'240 patent. Indeed, the generalized statement of differences in scope is the antithesis of the particular and distinct statement of "every departure" required by 37 C.F.R. § 1.175 and applicable case law. Neither the written statements quoted above nor the tabular summary even attempts to identify changes to or relocation of individual limitations of the original numbered claims.

Since neither the original reissue declaration nor any supplement explains each of the amendments addressing the underclaiming error, the declaration in this case is insufficient. *Nupla Corp.*, 114 F.3d at 195.

Nor is the Dethmers reissue patent saved by a "safe harbor" created in the *Nupla* decision, which states that invalidity does not follow from failure to disclose "only small language changes that do not affect the scope of the claims." *Nupla Corp.*, 114 F.3d at 196. The court is not relying on undeclared "small language changes," such as the correction of "rowing vehicle" with "towing vehicle," an obvious, purely typographical error. Rather, the court is relying on Dethmers's failure to comply with the strict requirements of the declaration, because Dethmers provided only summaries of the differences in scope, instead of specifications of where such differences have been articulated.

Indeed, Dethmers does not argue that every "departure" was in fact specified in the declaration. Rather, Dethmers contends that some of the departures – specifically, in the corrected drawings – did not pertain to "errors" that were the basis for reissuance. *See* 37 C.F.R. § 1.175(a)(2) ("When it is claimed that such patent is inoperative or invalid 'by reason of a defective specification

or drawing,' particularly specifying such defects."). However, as noted above, the Federal Circuit Court of Appeals has already rejected such an argument. *See Nupla,* 114 F.3d at 194. In *Nupla,* the court rejected the patentee's argument that some of the departures were in response to rejection by the examiner, and thus a declaration explaining such additional limitations was unnecessary, since it did not pertain to any "error" asserted. *Id.* Like the patentee in *Nupla,* this court concludes that Dethmers has "misperceive[d] the nature and scope of the errors covered by the reissue statute and regulations." *Id.* "If the alterations which the reissue applicant made were not to correct an 'error,' they could not be made during reissue." *Nupla Corp.,* 114 F.3d at 194-95. Therefore, Dethmers was required to specifying particularly the defects in the drawings pursuant to 37 C.F.R. § 1.175(a)(2), and because Dethmers did not do so in the substitute or some supplemental declaration, the patent is invalid. *Id.* at 195.

Because all of the reissue claims contain undisclosed alterations, either in their text or in supporting drawings and specifications, all are properly deemed invalid. *Id.* Consequently, Automatic is entitled to summary judgment of invalidity of the Re482 patent based on the insufficiency of the declaration of all alterations. The court is mindful of the drastic effect of such a conclusion and the heavy burden required for proof of invalidity. *See, e.g., Rockwell Int'l Corp.,* 147 F.3d at 1362 (Fed. Cir. 1998) ("the . . . determination of invalidity [on summary judgment] . . . must be predicated on facts established by clear and convincing evidence); *Laitram Corp.,* 143 F.3d at 1464-65 (where "the district court did not err in holding that [party challenging validity] could not prove invalidity by clear and convincing evidence, [the patentee] was entitled to

summary judgment on this issue"). However, the "devil" here is very much in the details required in a reissue declaration by *Nupla, Constant,* and the former version of 37 C.F.R. § 1.175, which have not been fulfilled in this case. The court finds that its determination that Dethmers has been bedeviled by those details is dictated by the *Nupla* and *Constant* line of cases. It is for the Federal Circuit Court of Appeals to clarify whether this court has misinterpreted this line of cases or to retreat from *Nupla* and *Constant* if the standards therein articulated are too restrictive.

Because the court concludes that the Re482 patent is invalid on this ground, the court will reach Automatic's other assertions of the insufficiency of the declaration only very briefly. Automatic asserts that Arline Johnson provided only inadequate proof of her authority as the legal representative of the inventor, Andrew Johnson, because her certification by the clerk of court of her letters testamentary was nearly two years old at the time the PTO demanded proof of her authority. However, the court concludes that Dethmers generated a genuine issue of material fact concerning the adequacy of the proof of representative capacity by presenting certified letters testamentary, albeit ones nearly two years old at the time, since there is no suggestion anywhere in the record that Arline Johnson's representative capacity had somehow lapsed. Automatic also contends that Arline Johnson was not competent to make the declaration, because she did not review and understand the contents of the specification. However, genuine issues of material fact preclude summary judgment on this ground in light of Dethmers's evidence that Arline Johnson, although now suffering from memory problems, took reasonable steps to obtain advice

of counsel concerning the accuracy of the declaration, and her deposition testimony that she had at one time understood the invention and attempted to refresh that understanding at the time the declaration was made.

4. Summary

In summary, on Automatic's motion for summary judgment on the invalidity of the Re482 patent, the court concludes that Automatic is not entitled to summary judgment on the ground that insufficient "errors" were relied upon in seeking reissuance of the '240 patent as the Re482 patent, because such errors are, or there are genuine issues of material fact as to whether they are, sufficient to support reissuance. The court also concludes that it cannot hold, as a matter of law, that the specifications required the limitation of "pivot arms" in claim **1** or that use of the term "pivot block" was mandated as the only appropriate term by the specifications or the prosecution history, such that the Re482 patent is not for the "same invention" as the original '240 patent. The court also concludes that there are genuine issues of material fact as to whether Arline Johnson submitted adequate proof of her authority to act as Andrew Johnson's representative in the reissue process and as to whether she was competent to make the necessary declaration. However, the court concludes that, as a matter of law, the reissue declaration does not comply with the detail required by the decisions in *Nupla* and *Constant,* and the former version of 37 C.F.R. § 1.175. Therefore, Automatic's motion for summary judgment will be granted on this ground and the court will declare the Re482 patent invalid.

E. Dethmers's Motion For Summary Judgment Of Patent Invalidity, Unenforceability, And Non-Infringement

Finally, the court turns to Dethmers's June 2, 1998, motion for summary judgment or partial summary judgment of patent invalidity, unenforceability, and non-infringement. In that motion, Dethmers first asserts that the '166 patent held by Automatic is invalid, because claims **1** through **4** were anticipated by a latching device made by Weasler Engineering, and claim **5** of the patent is obvious in light of prior art including the Weasler device. Second, Dethmers contends that the '166 patent is unenforceable because of inequitable conduct of Automatic in withholding reference to the Weasler device from the patent examiner. Third, Dethmers contends that, even if the '166 patent is valid and enforceable, Dethmers's products do not infringe the limitations of the claims in the '166 patent. Therefore, Dethmers seeks declaratory judgment that Dethmers does not infringe the '166 patent and summary judgment denying Automatic's counterclaim for infringement of the '166 patent.

Automatic contends that it is not possible to determine whether the Weasler device anticipated the '166 patent, because Dethmers has provided insufficient information about the Weasler device to allow the court to make the necessary analysis. Furthermore, Automatic contends that, because the Weasler device is for power take-offs, not tow bars, it almost certainly would not infringe the '166 patent, and thus could not have anticipated it. Automatic contends that its patent is enforceable, because the Weasler device, whatever it is, is not material to the patentability of Automatic's invention and there was no intent to deceive the PTO concerning the Weasler

device. Finally, Automatic asserts that the Dethmers tow bars do infringe the '166 patent, if not literally, then under the doctrine of equivalents.

1. Invalidity of the '166 patent

Dethmers asserts first that the '166 patent is invalid, because claims **1** through **4** were anticipated by, and claim **5** was obvious in light of, prior art. The court concludes that genuine issues of material fact preclude summary judgment on either of these contentions.

a. Anticipation of claims 1 through 4 of the '166 patent

A claim is anticipated, and therefore invalid, pursuant to 35 U.S.C. § 102(b), only when a single prior art reference discloses each and every limitation of the claim. *Celeritas Techs., Ltd. v. Rockwell Int'l Corp.,* 150 F.3d 1354, ___, 1998 WL 401500, *7 (Fed. Cir. July 20, 1998) ("It is well settled that a claim is anticipated if each and every limitation is found either expressly or inherently in a single prior art reference."); *Applied Med. Resources Corp. v. United States Surgical Corp.,* 147 F.3d 1374, 1378 (Fed. Cir. 1998) ("We have interpreted the statute as requiring a party seeking to invalidate a patent to prove that the allegedly invalidating patent or publication contains 'each and every element of [the] claimed invention,'" quoting *Lewmar Marine, Inc. v. Barient, Inc.,* 827 F.2d 744, 747 (Fed. Cir. 1987), *cert. denied,* 484 U.S. 1007 (1988)); *Rockwell Int'l Corp. v. United States,* 147 F.3d 1358, 1363 (Fed. Cir. 1998) ("Anticipation under 35 U.S.C. § 102 requires the disclosure in a single piece of prior art of each and every limitation of a claimed invention."); *In re*

Graves, 69 F.3d 1147, 1151 (Fed. Cir. 1995), *cert. denied,* 517 U.S. 1124 (1996); *Glaxo, Inc. v. Novopharm, Ltd.,* 52 F.3d 1043, 1047 (Fed. Cir.) (citing *Kloster Speedsteel AB v. Crucible, Inc.,* 793 F.2d 1565, 1571 (Fed. Cir. 1986), *cert. denied sub nom. Stora Kopparbergs Bergslags AB v. Crucible, Inc.,* 479 U.S. 1034 (1987)), *cert. denied,* 516 U.S. 988 (1995); *Glaverbel,* 45 F.3d at 1554 ("Anticipation requires identity of the claimed process and a process of the prior art; the claimed process, including each step thereof, must have been described or embodied, either expressly or inherently, in a single reference."); *Electro Med. Sys. v. Cooper Life Sciences,* 34 F.3d 1048, 1052 (Fed. Cir. 1994) (anticipation under § 102 "requires the presence in a single prior art disclosure of each and every element of a claimed invention."); *In re Paulsen,* 30 F.3d 1475, 1478-79 (Fed. Cir. 1994); *Shearing v. Iolab Corp.,* 975 F.2d 1541, 1544 (Fed. Cir. 1992) (prior art reference must "disclose in advance of [the patentee's] invention each and every element of the . . . patent's claims," citing *Scripps Clinic & Research Found. v. Genentech, Inc.,* 927 F.2d 1565, 1576 (Fed. Cir. 1991)); *Continental Can,* 948 F.2d at 1267 (describing the requirement of § 102(a) as a "statutory requirement that a patented invention be 'new'"); *Scripps Clinic,* 927 F.2d at 1576; *Diversitech Corp. v. Century Steps, Inc.,* 850 F.2d 675, 677 (Fed. Cir. 1985). Thus, the classic test of anticipation was first articulated in *Peters v. Active Mfg. Co.,* 129 U.S. 530 (1889), as follows: "That which infringes, if later, would anticipate, if earlier." *Peters,* 129 U.S. at 537.

Whether prior art is anticipating is a question of fact. *Rockwell Int'l Corp.,* 147 F.3d at 1363. "A party seeking to prove anticipation must do so with clear and convincing evidence because the patent must be presumed valid."

Applied Med. Resources Corp., 147 F.3d at 1378. Thus, "the . . . determination of invalidity [on summary judgment] . . . must be predicated on facts established by clear and convincing evidence." *Rockwell Int'l Corp.,* 147 F.3d at 1362; *Laitram Corp.,* 143 F.3d at 1464-65.

The disclosure of the prior art need not be express, but may inherently anticipate the patented invention where the inherent anticipation would be appreciated by one of ordinary skill in the art. *Glaxo,* 52 F.3d at 1047 (citing *Continental Can,* 948 F.2d at 1268); *Glaverbel,* 45 F.3d at 1554; *Standard Havens Prods., Inc. v. Gencor Indus., Inc.,* 953 F.2d 1360, 1369 (Fed. Cir. 1991), *cert. denied,* 506 U.S. 817 (1992); *Scripps Clinic,* 927 F.2d at 1576. However, if no single prior art reference anticipates each and every claim, but a combination thereof possibly does, the proper inquiry is obviousness, not lack of novelty. *Connell v. Sears, Roebuck & Co.,* 722 F.2d 1542, 1548 (Fed. Cir. 1983).

Here, the court concludes that genuine issues of material fact preclude summary judgment on the question of anticipation of the '166 patent by the Weasler device, largely because Dethmers has failed to provide the court with sufficient information to evaluate precisely what is the alleged Weasler device. *See Glaverbel,* 45 F.3d at 1560 (the party seeking summary judgment "'always bears the initial responsibility of informing the district court of the basis for its motion,'" quoting *Celotex,* 477 U.S. at 324); *Conroy,* 14 F.3d at 1575; *Copelands' Enters., Inc. v. CNV, Inc.,* 945 F.2d 1563, 1565 (Fed. Cir. 1991). This is so, notwithstanding the various portions of deposition testimony by the inventors of the '166 patent Dethmers has cited as purportedly demonstrating the extent to which the '166 patent was "inspired" by the Weasler device and

that the inventors of the '166 patent could only identify the number of locking balls, the fact that the Weasler device is detachable from the inner tube, and that the devices are of different sizes as the salient differences between the Weasler device and their own. This is also so, notwithstanding Dethmers's supplementation of the summary judgment record with a diagram of a "tractor yoke" made by Weasler, when it is unclear whether this "Weasler device" is indeed the one to which the inventors of the '166 patent referred in their depositions. *Glaverbel,* 45 F.3d at 1560 (The moving party must " 'identify[ ] those portions of "the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any," which it believes demonstrate the absence of a genuine issue of material fact,' " quoting *Celotex,* 477 U.S. at 324, which in turn cites *Fed. R. Civ. P.* 56(c)); *Conroy,* 14 F.3d at 1575 ("The moving party, however, need not produce evidence showing the absence of a genuine issue of material fact but rather discharge[s] its burden by showing the district court that there is an absence of evidence to support the nonmoving party's case."). There may be an absence of a genuine issue of material fact that the Weasler device was an "inspiration," and even no genuine issue of material fact that the differences identified by the inventors between it and their own invention were few, but that does not establish that there is no genuine issue of material fact that the Weasler device discloses each and every limitation of claims 1 through 4 of the '166 patent, when the precise nature of the Weasler device is unclear. *Celeritas Techs., Ltd.,* 150 F.3d at ___, 1998 WL 401500 at *7 ("It is well settled that a claim is anticipated if each and every limitation is found either expressly or inherently in a single prior art reference."); *Applied Med. Resources Corp.,* 147 F.3d at 1378. To meet

that requirement in the circumstances of this case to the high standard of proof required for invalidity, this court believes, requires evidence allowing a detailed comparison of the two devices. *See Applied Med. Resources Corp.*, 147 F.3d at 1378 ("A party seeking to prove anticipation must do so with clear and convincing evidence because the patent must be presumed valid."); *Rockwell Int'l Corp.*, 147 F.3d at 1362 ("[T]he . . . determination of invalidity [on summary judgment] . . . must be predicated on facts established by clear and convincing evidence."); *Laitram Corp.*, 143 F.3d at 1464-65. Such evidence is not in the record here.

b. Obviousness of claim 5 of the '166 patent

The Federal Circuit Court of Appeals recently explained obviousness and how a determination of obviousness is made:

> Under 35 U.S.C. § 103(a),
>
> > [a] patent may not be obtained . . . if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains.
>
> In determining obviousness, the invention must be considered as a whole without the benefit of hindsight, and the claims must be considered in their entirety. *See W.L. Gore & Assocs. v. Garlock, Inc.*, 721 F.2d 1540, 1551, 220 U.S.P.Q. 303, 312-13 (Fed. Cir. 1983); *see also Medtronic, Inc. v.*

> *Cardiac Pacemakers, Inc.*, 721 F.2d 1563, 1567, 220 U.S.P.Q. 97, 101 (Fed. Cir. 1983). Throughout the obviousness determination, a patent retains its statutory presumption of validity, *see* 35 U.S.C. § 282, and the movant retains the burden to show the invalidity of the claims by clear and convincing evidence as to underlying facts, *see Glaverbel Societe Anonyme v. Northlake Mktg. & Supply, Inc.*, 45 F.3d 1550, 1555, 33 U.S.P.Q.2d 1496, 1499 (Fed. Cir. 1995); *Ryko Mfg. Co. v. Nu-Star, Inc.*, 950 F.2d 714, 716, 21 U.S.P.Q.2d 1053, 1055 (Fed. Cir. 1991).

Rockwell Int'l Corp., 147 F.3d at 1364. Therefore, the court is mindful that, even on summary judgment, obviousness must also be proved by clear and convincing evidence. *See id.; Glaverbel,* 45 F.3d at 1555 (invalidity based on obviousness must be established by clear and convincing evidence); *Therma-Tru Corp. v. Peachtree Doors, Inc.*, 44 F.3d 988, 992 (Fed. Cir. 1995) (same); *see also National Presto Indus., Inc.*, 76 F.3d at 1189 ("in deciding a motion for summary judgment of invalidity the [heightened] burden of proof [of clear and convincing evidence] must be considered."); *Gasser Chair Co.*, 60 F.3d at 772 (in order for the court to grant summary judgment, "there must . . . be no genuine issue of material fact, the burden of proof of an issue must be correctly allocated, and all pertinent factors must be considered."). The court is also mindful that the teaching of prior art upon which an obviousness determination is made is a question of *fact,* although the ultimate determination of obviousness is a question of *law. In re Napier,* 55 F.3d 610, 613 (Fed. Cir. 1995). "The factual predicates underlying an obviousness determination include the scope and content of the prior art, the differences between the prior art and the claimed invention, and

the level of ordinary skill in the art." *In re Rouffet,* 149 F.3d 1350, 1355 (Fed. Cir. 1998); *Monarch Knitting Mach. Corp. v. Sulzer Morat GmbH,* 139 F.3d 877, 881 (Fed. Cir. 1998).

"'As obviousness can be established on the basis of the combined teachings of references, we think it is clear that simple enhancements of existing prior art . . . do not constitute a substantial difference between the subject matter claimed in the . . . patent and that of the prior art.'" *Continental Can Co.,* 948 F.2d at 1273 (quoting the lower court). However, "there must be some reason for the combination other than the hindsight gleaned from the invention itself." *Interconnect Planning Corp. v. Feil,* 774 F.2d 1132, 1138 (Fed. Cir. 1985). More recently, the Federal Circuit Court of Appeals has provided a succinct statement of the test and standards for a determination of obviousness in relation to combined teachings that individually may suggest separate modifications found together in the patent in suit:

> When a rejection [for obviousness] depends on a combination of prior art references, there must be some teaching, suggestion, or motivation to combine the references. *See In re Geiger,* 815 F.2d 686, 688, 2 U.S.P.Q.2d 1276, 1278 (Fed. Cir. 1987). Although the suggestion to combine references may flow from the nature of the problem, *see Pro-Mold & Tool Co. v. Great Lakes Plastics, Inc.,* 75 F.3d 1568, 1573, 37 U.S.P.Q.2d 1626, 1630 (Fed. Cir. 1996), the suggestion more often comes from the teachings of the pertinent references, *see In re Sernaker,* 702 F.2d 989, 994, 217 U.S.P.Q. 1, 5 (Fed. Cir. 1983), or from the ordinary knowledge of those skilled in the art that certain references are of special importance in a

> particular field, *see Pro-Mold,* 75 F.3d at 1573 (citing *Ashland Oil, Inc. v. Delta Resins & Refractories, Inc.,* 776 F.2d 281, 297 n.24, 227 U.S.P.Q. 657, 667 n.24 (Fed. Cir. 1985)). Therefore, "[w]hen determining the patentability of a claimed invention which combines two known elements, 'the question is whether there is something in the prior art as a whole to suggest the desirability, and thus the obviousness, of making the combination.'" *See In re Beattie,* 974 F.2d 1309, 1311-12, 24 U.S.P.Q.2d 1040, 1042 (Fed. Cir. 1992) (quoting *Lindemann Maschinenfabrik GMBH v. American Hoist & Derrick Co.,* 730 F.2d 1452, 1462, 221 U.S.P.Q. 481, 488 (Fed. Cir. 1984)).

In re Rouffet, 149 F.3d at 1355-56; *Napier,* 55 F.3d at 613.

Again, the court concludes that genuine issues of material fact preclude summary judgment in Dethmers's favor on its assertion of the obviousness of claim **5** of the '166 patent, because, without sufficient evidence of the Weasler device, it is impossible to determine whether the "factual predicates underlying an obviousness determination," such as "the scope and content of the prior art [and] the differences between the prior art and the claimed invention," *see In re Rouffet,* 149 F.3d at 1355; *Monarch Knitting Mach. Corp.,* 139 F.3d at 881, have been established beyond a genuine dispute, let alone whether combining the Weasler device with other prior art would make claim **5** obvious to a person of ordinary skill in the art, or whether there is some teaching, suggestion, or motivation to combine the references. *In re Rouffet,* 149 F.3d at 1355-56. Therefore, Dethmers is not entitled to summary judgment on the obviousness of claim **5** in light of prior art including the Weasler device.

2. Unenforceability owing to inequitable conduct

Dethmers's second contention in its motion for summary judgment is that the '166 patent is unenforceable, because of inequitable conduct by Automatic in withholding reference to the Weasler device from the patent examiner. Dethmers asserts that the inventors of the '166 patent acknowledged in their depositions that the Weasler device was material to, and should have been disclosed in, their patent application. Dethmers also contends that the record shows that the Weasler device was withheld from the PTO with the intent to deceive. Automatic counters that the Weasler device does not compel the conclusion that the claims of the '166 patent are unpatentable and that the patent examiner considered other power take-offs and found them irrelevant to the patentability of the Automatic invention; indeed, Automatic contends that power take-offs are not even in the same art as its invention. Finally, Automatic argues that there is no intent to deceive apparent from the record.

The Federal Circuit Court of Appeals recently discussed the meaning of "inequitable conduct" and the steps in the analysis of such a claim:

> Inequitable conduct includes affirmative misrepresentations of a material fact, failure to disclose material information, or submission of false material information, coupled with an intent to deceive. *See Nobelpharma AB v. Implant Innovations, Inc.*, 141 F.3d 1059, 1068-71, 46 U.S.P.Q.2d 1097, 1105-06 (Fed. Cir. 1998) (citing *Molins PLC v. Textron, Inc.*, 48 F.3d 1172, 1178, 33 USPQ2d 1823, 1826 (Fed. Cir. 1995)). Determination of inequitable conduct requires a two step analysis. First, the trial court must determine whether the

withheld reference meets a threshold level of materiality. The trial court must then also determine whether the evidence shows a threshold level of intent to mislead the PTO. *See Halliburton Co. v. Schlumberger Tech. Corp.*, 925 F.2d 1435, 1439, 17 USPQ2d 1834, 1838 (Fed. Cir. 1991). These threshold determinations are reviewed by this court under the clearly erroneous standard of Federal Rule of Civil Procedure 52(a). *See Kingsdown Med. Consultants, Ltd. v. Hollister, Inc.*, 863 F.2d 867, 872, 9 USPQ2d 1384, 1389 (Fed. Cir. 1988) (*in banc*). Once the threshold levels of materiality and intent have been established, the trial court is required to weigh materiality and intent. *See Molins*, 48 F.3d at 1178. The more material the omission, the less evidence of intent will be required in order to find that inequitable conduct has occurred. *See N.V. Akzo v. E.I. Dupont de Nemours*, 810 F.2d 1148, 1153, 1 USPQ2d 1704, 1708 (Fed. Cir. 1987). In light of all the circumstances, the court must then determine whether the applicant's conduct is so culpable that the patent should be held unenforceable. *See LaBounty Mfg., Inc. v. United States Int'l Trade Comm'n*, 958 F.2d 1066, 1070, 22 USPQ2d 1025, 1028 (Fed. Cir. 1992). We review the district court's ultimate determination of inequitable conduct under an abuse of discretion standard. *See Kolmes v. World Fibers Corp.*, 107 F.3d 1534, 1541, 41 USPQ2d 1829, 1834 (Fed. Cir. 1997); *Halliburton*, 925 F.2d at 1440; *Kingsdown*, 863 F.2d at 876.

Baxter Int'l, Inc. v. McGaw, Inc., 149 F.3d 1321, 1327 (Fed. Cir. 1998); *accord Akron Polymer Container Corp. v. Exxel Container, Inc.*, 148 F.3d 1380, 1383 (Fed. Cir. 1998) (stating the same standards).

a. Materiality

In *Baxter International,* the Federal Circuit Court of Appeals also explained the meaning of "materiality," the first step in the analysis: "A reference is deemed material if there is a 'substantial likelihood that a reasonable examiner would consider it important in deciding whether to allow the application to issue as a patent.'" *Id.* (quoting *Halliburton,* 925 F.2d at 1440, in turn quoting 37 C.F.R. § 1.56 (1989)). "However," the Federal Circuit Court of Appeals observed, "we also note that a patentee need not cite an otherwise material reference to the PTO if that reference is merely cumulative or is less material than other references already before the examiner." *Id.* at 1328.[13] The court then offered this further caution:

> A difference in a single element, however important to the patented invention, is not automatically dispositive of the issue of materiality. . . . References lacking different elements are often combined to reject an application under 35 U.S.C. § 103. Simply because [a device] lacked a [certain element] does not make it likely that a reasonable examiner would consider the reference unimportant in deciding whether to allow the patent. In other words, materiality is not analyzed in a vacuum. It is not dependent on a single element viewed in isolation. Rather, it is judged based upon the overall degree of similarity between the omitted reference and the

[13] The Federal Circuit Court of Appeals recognized that "this standard reflects an older PTO rule in effect at the time the instant patents were prosecuted and that the current PTO rule defines materiality differently." *Id.* at 1328 n.3.

> claimed invention in light of the other prior art before the examiner. *See Halliburton,* 925 F.2d at 1441-42.

Baxter Int'l, Inc., 149 F.3d at 1328.

Once again, this element is dependent upon the precise nature of the Weasler device, so that the court can judge "the overall degree of similarity between the omitted reference and the claimed invention in light of the other prior art before the examiner." *Id.* However, sufficient evidence of the nature of the Weasler device cannot be found in the record. Therefore, genuine issues of material fact dog every step of the analysis of inequitable conduct, precluding summary judgment in Dethmers's favor on the "threshold" question of the level of materiality, *id.* at 1327, as well as on the "weighing" of this element against intent. Therefore, genuine issues of material fact preclude summary judgment in Dethmers's favor on the ground that the '166 patent is unenforceable owing to inequitable conduct. FED. R. CIV. P. 56(c).

b. Intent to deceive

Consideration of the "intent to deceive" element leads to the same conclusion. In *Baxter International,* the court also explained the requirements of the "intent to deceive" element of the analysis of a claim of inequitable conduct:

> Intent need not be proven by direct evidence. Indeed, "[d]irect proof of wrongful intent is rarely available but may be inferred from clear and convincing evidence of the surrounding circumstances." *LaBounty,* 958 F.2d at 1076; *see Paragon Podiatry Laboratory, Inc. v. KLM Labs., Inc.,* 984 F.2d 1182, 1189-90, 25 USPQ2d 1561, 1567

> (Fed. Cir. 1993) (explaining that intent must be generally inferred from the facts and circumstances surrounding the applicant's conduct). Our prior decisions are also clear that although intent may be inferred from circumstantial evidence, mere gross negligence is insufficient to justify an inference of an intent to deceive the PTO. *See Kingsdown,* 863 F.2d at 876; *FMC Corp. v. Manitowoc Co.,* 835 F.2d 1411, 1415 n.9, 5 USPQ2d 1112, 1116 n.9 (Fed. Cir. 1987). In a case involving an omission of a material reference to the PTO, there must be clear and convincing evidence that the applicant made a deliberate decision to withhold a known material reference. *See Molins,* 48 F.3d at 1181.

Baxter Int'l, Inc., 149 F.3d at 1329; *Akron Polymer Container Corp.,* 148 F.3d at 1383. Thus, "the challenged 'conduct must be sufficient to require a finding of deceitful intent in the light of all the circumstances.'" *Akron Polymer Container Corp.,* 148 F.3d at 1383 (quoting *Kingsdown Med. Consultants v. Hollister, Inc.,* 863 F.2d 867, 873, 9 U.S.P.Q.2d 1384, 1389 (Fed. Cir. 1988))

Although "[t]he more material the omission, the less evidence of intent will be required in order to find that inequitable conduct has occurred," *Baxter Int'l, Inc.,* 149 F.3d at 1329; *Akron Polymer Container Corp.,* 148 F.3d at 1383, the quantum of evidence of intent required here is uncertain where materiality is genuinely in dispute. Furthermore, the parties have vigorously argued the evidence of intent, or lack of it, and the inferences to be drawn therefrom. The court may be persuaded that failure to disclose to the PTO the device the inventors describe as their "inspiration" smacks of intent to deceive, but for the court to make a determination on the evidence presently

in the record, would require the court to act on its weighing of the evidence: the court can no more make the "threshold" determination of "intent to deceive" than it could make the threshold determination of materiality. *Baxter Int'l, Inc.*, 149 F.3d at 1327. It cannot be said that "no 'reasonable [factfinder] could return a verdict for the nonmoving party'" on the issue of Automatic's alleged "intent to deceive" in failing to disclose the Weasler reference, *Nike, Inc.*, 43 F.3d at 646 (quoting *Anderson*, 477 U.S. at 248), because a reasonable jury could be persuaded that the facts show Automatic reasonably believed the Weasler device, however "inspirational," was not material, because it was from a different art, or was less material than other art already disclosed to the PTO. *Cf. Baxter Int'l, Inc.*, 149 F.3d at 1328. Hence, summary judgment is not appropriate on this element of the analysis or indeed on Automatic's patent infringement claim on the ground of unenforceability of the '166 patent.

3. Non-infringement

Finally, Dethmers contends that, even if the '166 patent is valid and enforceable, Dethmers's products do not infringe the limitations of the claims in the '166 patent. Dethmers asserts that three specific limitations of claim **1** of the '166 patent are not present in its tow bars: (1) the EXCALI-BAR does not have a groove that "circularly surrounds" the inner tube; (2) the EXCALI-BAR does not have a spring means located between a cover member and a medially located cam portion of the slidable latch; and (3) the EXCALI-BAR does not have a cover over the trailward portion of its slidable latch member. Automatic contends that Dethmers's EXCALI-BAR does infringe each of these limitations of claim **1** of its patent, either literally,

or pursuant to the doctrine of equivalents. In reply, Dethmers contends that prosecution history estoppel or some other defense bars assertion of infringement pursuant to the doctrine of equivalents and there is no literal infringement of the '166 patent by Dethmers's tow bars.

a. Literal and "doctrine of equivalents" infringement

"Infringement, both literal and under the doctrine of equivalents, is a question of fact which we review for clear error when tried to the court." *Insituform Techs., Inc. v. CAT Contracting, Inc.*, ___ F.3d ___, ___, 1998 WL 605190,*5 (Fed. Cir. Sept. 10, 1998). Before the court can begin an assessment of infringement, however, it must first construe the claims of the patent, and claim construction is a question of law for the court. *Enercon GmbH v. International Trade Comm'n,* 151 F.3d 1376, ___, 1998 WL 469892, *8 (Fed. Cir. Aug. 12, 1998) ("Claim construction is a matter of law and is reviewed by this court de novo."); *Cybor Corp. v. FAS Techs, Inc.,* 138 F.3d 1448, 1456 (Fed. Cir. 1998) (*in banc*); *Markman v. Westview Instruments, Inc.,* 52 F.3d 967, 979 (Fed. Cir. 1995) (*in banc*), *aff'd,* 517 U.S. 370 (1996).

i. Rules of claim construction. The Federal Circuit Court of Appeals has stated,

> Proper claim construction requires an examination of the claim language, the written description, and, if relevant, the prosecution history. *See Vitronics Corp. v. Conceptronic, Inc.,* 90 F.3d 1576, 1582, 39 USPQ2d 1573, 1576 (Fed. Cir. 1996). The appropriate starting point, however, is always with the language of the asserted claim itself. *See id.; Bell Communications Research,*

> *Inc. v. Vitalink Communications Corp.*, 55 F.3d 615, 620, 34 USPQ2d 1816, 1819 (Fed. Cir. 1995).

Comark Communications, Inc. v. Harris Corp., ___ F.3d ___, ___, 1998 WL 614579, *4 (Fed. Cir. Sept. 9, 1998). "Claims terms are also to be interpreted so as to give the terms their ordinary meaning, absent some clear special definition." *Enercon GmbH,* 151 F.3d at ___, 1998 WL 469892 at *9; *Vitronics,* 90 F.3d at 1582; *Athletic Alternatives, Inc. v. Prince Mfg., Inc.,* 73 F.3d 1573, 1578 (Fed. Cir. 1996). Furthermore,

> [L]imitations from the specification are not to be read into the claims, *see e.g., E.I. du Pont de Nemours & Co. v. Phillips Petroleum Co.,* 849 F.2d 1430, 1433, 7 USPQ2d 1129, 1131 (Fed. Cir. 1988) .... We have previously stated that "[w]hile . . . claims are to be interpreted in light of the specification and with a view to ascertaining the invention, it does not follow that limitations from the specification may be read into the claims." *Sjolund v. Musland,* 847 F.2d 1573, 1581, 6 USPQ2d 2020, 2027 (Fed. Cir. 1988); *see Texas Instruments, Inc. v. United States Int'l Trade Comm'n,* 805 F.2d 1558, 1563, 231 USPQ 833, 835 (Fed. Cir. 1986) ("This court has cautioned against limiting the claimed invention to preferred embodiments or specific examples in the specification."). We recognize that there is sometimes a fine line between reading a claim in light of the specification, and reading a limitation into the claim from the specification. *See, e.g.,* 1 DONALD S. CHISUM, CHISUM ON PATENTS § 3.02 & n.12 (rel. Dec. 1996) ("The line between interpreting claim language in light of the specification and reading a limitation from the specification into the claim is a fine one.").

Comark Communications, Inc., ___ F.3d at ___, 1998 WL 614579 at *4; *Enercon GmbH,* 151 F.3d at ___, 1998 WL 469892 at *9 ("This court has repeatedly stated that while claims are to be construed in light of the specification, they are not necessarily limited by the specification. *See Markman,* 52 F.3d at 980.").

ii. Literal infringement. The Federal Circuit Court of Appeals recently explained literal infringement as follows:

> To establish literal infringement, a plaintiff must demonstrate that every limitation in the claim is literally met by the accused device. *See Intellicall, Inc. v. Phonometrics, Inc.,* 952 F.2d 1384, 1388-89, 21 U.S.P.Q.2d 1383, 1387 (Fed. Cir. 1992); *Key Mfg. Group, Inc. v. Microdot, Inc.,* 925 F.2d 1444, 1449, 17 U.S.P.Q.2d 1806, 1810 (Fed. Cir. 1991). Demonstration that every limitation of the claim is literally met by the accused device must be shown by a preponderance of the evidence. *See Envirotech Corp. v. Al George, Inc.,* 730 F.2d 753, 758, 221 U.S.P.Q. 473, 477 (Fed. Cir. 1984).

Enercon GmbH, 151 F.3d at ___, 1998 WL 469892 at *8; *accord Strattec Security Corp. v. General Automotive Specialty Co.,* 126 F.3d 1411, 1418 (Fed. Cir. 1997) (stating that literal infringement of a claim exists when every limitation recited in the claim is found in the accused device). The court in *Enercon* also explained the process for analysis of claims of literal infringement:

> In determining whether there has been literal infringement, a two step analysis is required. First, the claims must be correctly construed to determine the scope of the claims. Second, the claims

> must be compared to the accused device. *Markman v. Westview Instruments, Inc.*, 52 F.3d 967, 976, 34 U.S.P.Q.2d 1321, 1326 (Fed. Cir. 1995) (*in banc*), *aff'd*, 517 U.S. 370, 116 S. Ct. 1384, 134 L. Ed.2d 577, 38 U.S.P.Q.2d 1461 (1996); *Vitronics Corp. v. Conceptronic, Inc.*, 90 F.3d 1576, 1581-82, 39 U.S.P.Q.2d 1573, 1576 (Fed. Cir. 1996).

Id.; *Ethicon Endo-Surgery, Inc. v. United States Surgical Corp.*, 149 F.3d 1309, 1315 (Fed. Cir. 1998) (articulating the same two-step analysis). As the court observed above, the first step in this analysis is a question of law. The second step, however, determining whether a particular device infringes a properly construed claim, "is a question of fact." *Ethicon Endo-Surgery, Inc.*, 149 F.3d at 1315. "As such, it is amenable to summary judgment where, *inter alia*, no reasonable fact finder could find infringement." *Id.* (citing *Warner-Jenkinson Co.*, 520 U.S. at ___, 117 S. Ct. at 1053 n.8).

iii. Doctrine of equivalents infringement. Under the doctrine of equivalents, "a product or process that does not literally infringe upon the express terms of a patent claim may nonetheless be found to infringe if there is 'equivalence' between the elements of the accused product or process and the claimed elements of the patented invention." *Warner-Jenkinson*, 520 U.S. ___, 117 S. Ct. at 1045; *Ethicon Endo-Surgery, Inc.*, 149 F.3d at 1315 (quoting *Warner-Jenkinson*); *Sage Prods., Inc. v. Devon Indus., Inc.*, 126 F.3d 1420, 1423 (Fed. Cir. 1997) ("A device that does not literally infringe a claim may nonetheless infringe . . . if every element is literally or equivalently present in the accused device."). Consequently, "[a]n accused device may infringe under the doctrine of equivalents only if it possesses all of the limitations of the

relevant claim either literally or equivalently." *Tronzo v. Biomet, Inc.*, ___ F.3d ___, ___, 1998 WL 546978, *5 (Fed. Cir. Aug. 28, 1998) (citing *Warner-Jenkinson Co.*, 520 U.S. at ___, 117 S. Ct. at 1054); *Ethicon Endo-Surgery, Inc.*, 149 F.3d at 1315 ("Infringement may be found under the doctrine of equivalents if every limitation of the asserted claim, or its 'equivalent,' is found in the accused subject matter, where an 'equivalent' differs from the claimed limitation only insubstantially.").

"'In applying the doctrine of equivalents, it is often enough to assess whether the claimed and accused products or processes included substantially the same function, way, and result.'" *Insituform Technologies, Inc.*, ___ F.3d at ___, 1998 WL 605190 at *5 (quoting *Hilton Davis Chem. Co. v. Warner-Jenkinson Co., Inc.*, 62 F.3d 1512, 1518 (Fed. Cir. 1995) (*in banc*), *rev'd on other grounds*, 520 U.S. 17, 117 S. Ct. 1040 (1997)). More specifically,

> Whether an element of the accused device is equivalent to a claim limitation depends on "whether the substitute element matches the function, way, and result of the claimed element, or whether the substitute element plays a role substantially different from the claimed element." [*Warner-Jenkinson Co.*, ___ U.S. ___, 117 S. Ct. at 1054.] If a theory of equivalence would vitiate a claim limitation, however, then there can be no infringement under the doctrine of equivalents as a matter of law. *See id.* at 1049, 1053 n.8.

Tronzo, ___ F.3d at ___, 1998 WL 546978 at *5; *Ethicon Endo-Surgery, Inc.*, 149 F.3d at 1315 ("Whether a component in the accused subject matter performs substantially

the same function as the claimed limitation in substantially the same way to achieve substantially the same result may be relevant to this determination.").

Turning to the evidence required to support an equivalence argument, the Federal Circuit Court of Appeals has observed as follows:

> [M]ere generalized testimony as to equivalence is insufficient as a matter of law to support a jury verdict finding infringement under the doctrine of equivalents. *See Texas Instruments, Inc. v. Cypress Semiconductor Corp.*, 90 F.3d 1558, 1567, 39 USPQ2d 1492, 1499 (Fed. Cir. 1996) ("Generalized testimony as to the overall similarity between the claims and the accused infringer's product or process will not suffice [to show infringement under the doctrine of equivalents]."). We have also previously stated that "[t]he evidence and argument on the doctrine of equivalents cannot be merely subsumed in plaintiff's case of literal infringement." *Lear Siegler,* 873 F.2d at 1425. Rather, "a patentee must prove substantial identity as to each of the function, way and result prongs of the doctrine of equivalents." *Malta,* 952 F.2d at 1327. The thrust of these cases is to ensure that a jury is provided with the proper evidentiary foundation from which it may permissibly conclude that a claim limitation has been met by an equivalent.

Comark Communications, Inc., ___ F.3d at ___, 1998 WL 614579 at *6.

The doctrine of equivalents must be applied with care, however:

> "The doctrine of equivalents, when applied broadly, conflicts with the definitional and

> public-notice functions of the statutory claiming requirement." *Warner-Jenkinson,* 520 U.S. 17, 117 S. Ct. at 1048, 137 L. Ed. 2d 146, 41 USPQ2d at 1871. Nonetheless, infringement under the doctrine of equivalents remains a viable basis for a finding of infringement, *see id.* at 1054, 520 U.S. 17, 117 S. Ct. 1040, 137 L. Ed. 2d 146, 41 USPQ2d 1865, 1876 ("Today, we adhere to the doctrine of equivalents."), as long as a court properly applies (1) the so-called "All Elements" rule, *see id.* ("The determination of equivalence should be applied as an objective inquiry on an element-by-element basis."); *see also Pennwalt Corp. v. Durand-Wayland, Inc.,* 833 F.2d 931, 935, 4 USPQ2d 1737, 1739-40 (Fed. Cir. 1987) (*in banc*), and (2) the doctrine of prosecution history estoppel, *see Warner-Jenkinson,* 520 U.S. 17, 117 S. Ct. at 1049, 137 L. Ed. 2d 146, 41 USPQ2d at 1876 ("Prosecution history estoppel continues to be available as a defense to infringement.").

Ethicon Endo-Surgery, Inc., 149 F.3d at 1316. The "All Elements" rule endorsed by the Supreme Court requires that "[e]ach element contained in a patent claim is deemed material to defining the scope of the patented invention, and thus the doctrine of equivalents must be applied to individual elements of the claim, not to the invention as a whole." *Warner-Jenkinson,* 520 U.S. at ___, 117 S. Ct. at 1049; *Litton Sys., Inc. v. Honeywell, Inc.,* 140 F.3d 1449, 1454 (Fed. Cir. 1998); *Hughes Aircraft Co. v. United States,* 140 F.3d 1470, 1474 (Fed. Cir. 1998). Therefore,

> [i]n applying [the doctrine of equivalents], the Court cautioned against a range of equivalents with "such broad play as to effectively eliminate that element in its entirety." [*Warner-Jenkinson,* 520 U.S. ___, 117 S. Ct. at 1049.] The essential

> inquiry is whether "the accused product or process contain[s] elements identical or equivalent to each claimed element of the patented invention." *Id.* at ___, 117 S. Ct. at 1054.

Litton Sys., Inc., 140 F.3d at 1454; *Hughes Aircraft Co.,* 140 F.3d at 1474.

Dethmers has asserted that the second limitation on the doctrine of equivalents, prosecution history estoppel, is applicable here, so this court must explore this defense further. As the Federal Circuit Court of Appeals recently explained,

> In *Warner-Jenkinson,* the Supreme Court changed some aspects of the law of prosecution history estoppel. However, the extent of this change was limited. Honeywell argues that *Warner-Jenkinson* held that if a claim element has been added by amendment for reasons of patentability, prosecution history estoppel automatically bars all equivalents for that element, regardless of whether the administrative record before the Patent and Trademark Office (PTO) shows that the applicant surrendered all coverage beyond the literal claim scope. Honeywell's position, however, would both bar after-arising equivalents expressly approved by the Supreme Court and bar any equivalents whatsoever to the vast majority of claim limitations amended during patent prosecution.
>
> This court determines in this opinion that the Supreme Court did not in fact effect such a sweeping change. Instead the Supreme Court adhered to the longstanding doctrine that an *estoppel only bars recapture of that subject matter actually surrendered during prosecution.* The common practice of amending a claim during

> prosecution, even amending to overcome prior art, does not necessarily surrender all subject matter beyond the literal scope of the amended claim limitation.

Litton Sys., Inc., 140 F.3d at 1454 (emphasis added). In *Warner-Jenkinson*, "the Court reaffirmed that the reason for claim amendments remains relevant to application of an estoppel." *Id.* at 1456 (citing *Warner-Jenkinson*, 520 U.S. at ___, 117 S. Ct. at 1050). Furthermore,

> the Court established a presumption that when an applicant narrows a claim element during prosecution, a trial court should presume that the applicant did so for a reason related to patentability. [*Warner-Jenkinson*, 520 U.S. at ___, 117 S. Ct. at 1054]. Consequently, where a patent owner cannot show a reason for the amendment other than patentability, "a court should presume that the purpose behind the . . . amendment is such that prosecution history estoppel would apply." *Id.*, at ___, 117 S. Ct. at 1054. Thus, the Supreme Court articulated an additional rule to trigger, in applicable circumstances, prosecution history estoppel.

Litton Sys., Inc., 140 F.3d at 1456. Prosecution history estoppel also applies in the following circumstances:

> Although not automatically erecting an estoppel, an amendment made for reasons other than patentability may still give rise to an estoppel. This court has acknowledged that even arguments made during prosecution without amendments to claim language – if sufficient to evince a clear and unmistakable surrender of subject matter – may estop an applicant from recapturing that surrendered matter under the doctrine of equivalents. *See Hoganas AB v. Dresser Indus., Inc.*, 9

> F.3d 948, 952, 28 USPQ2d 1936, 1939 (Fed. Cir. 1993). Estoppel by clear and unmistakable surrender without claim amendments may arise even when the arguments to the examiner were not necessary to distinguish prior art. *Texas Instruments Inc. v. United States Int'l Trade Comm'n,* 988 F.2d 1165, 1174-75, 26 USPQ2d 1018, 1025 (Fed. Cir. 1993). This principle presupposes that the applicant has made the surrender unmistakable enough that the public may reasonably rely on it. By logical extension, if an applicant makes an amendment unrelated to patentability which evinces an unmistakable surrender, that action will preclude recapture of the surrendered subject matter under the doctrine of equivalents.

Litton Sys., Inc., 140 F.3d at 1458.

Again, Dethmers asserts that three specific limitations of claim **1** of the '166 patent are not literally infringed by its tow bars and that doctrine of equivalents infringement of these limitations are barred. The court will consider each of these limitations in turn. The court will at times refer to the illustrations of the EXCALI-BAR tow bar that appear in Section I.B.4. of this ruling beginning on page 25.

b. The groove

First, Dethmers contends that its EXCALI-BAR tow bar does not have a groove that "circularly surrounds" the inner tube as required by the '166 patent. The pertinent limitation of the '166 patent is the following:

What is claimed is as follows:

1. Arrestably Lockable Telescoping Tow-Bar Assembly comprising:

(A) an inner-tube having an outer-surface concentrically surrounding a directionally longitudinally extending central-axis and having a trail-end directionally transversely intersecting said central-axis, *said outer-surface being provided with at least one radially inwardly extending inward-groove circularly surrounding said central-axis and located in a plane perpendicular to said central-axis* [.]

Patent No. '166, claim **1** (emphasis added). Dethmers contends that the proper interpretation of this limitation is that "circularly surrounding" means that the groove forms a complete 360-degree circle around the inner tube. However, on Dethmers's EXCALI-BAR, the grooves (plural) only partially encircle the inner bar. *See* "exploded" view, page 27 (at handwritten "A"). Automatic counters that a proper interpretation of the phrase "inward-groove circularly surrounding said central-axis" in claim **1** of the '166 patent is a groove that does not intersect the central axis, but defines the boundaries of a circle, either contiguously or non-contiguously, around the central axis. Automatic contends that the grooves on the EXCALI-BAR literally meet this limitation, because the grooves do define the boundaries of a circle.

i. Claim interpretation and literal infringement. As explained above, "[p]roper claim construction requires an examination of the claim language, the written description, and, if relevant, the prosecution history," *see Comark Communications, Inc.*, ___ F.3d at ___, 1998 WL 614579 at

*4, and "[t]he appropriate starting point . . . is always with the language of the asserted claim itself." *See id.* The claim language here leaves the court in no doubt that what was actually claimed was *a single continuous groove describing a complete circle around the inner tube.* "Circularly," in the first instance, suggests a continuous, complete circle, because the term "circular" means "having the form of a circle: round," or "describing a circle or spiral." *See, e.g.,* WEBSTER'S COLLEGIATE DICTIONARY (10th ed.). Although the parties have concentrated on the meaning of "circularly," each finding support in dictionary definitions for its interpretation, they have not apparently considered the effect of "circularly *surrounding,*" which makes plain that the groove, in the form of a circle, is "to enclose on all sides" the inner tube. *See, e.g.,* WEBSTER'S COLLEGIATE DICTIONARY (10th ed.). "Claims terms are . . . to be interpreted so as to give the terms their ordinary meaning, *absent some clear special definition.*" *Enercon GmbH,* 151 F.3d at ___, 1998 WL 469892 at *9 (emphasis added); *Vitronics,* 90 F.3d at 1582; *Athletic Alternatives,* 73 F.3d at 1578. Automatic did *not* give "some clear special definition" to "circularly surrounding," such as defining it to mean a groove or series of grooves that describe or define a complete or partial circle about the central-axis of the inner tube. Although Automatic asserts that it is improper to add qualifying terminology to a claim that is not contained in the claim itself, citing *Hoganas AB v. Dresser Indus., Inc.,* 9 F.3d 948, 950 (Fed. Cir. 1993), when arguing that Dethmers reads the limitation to be "*completely* circularly surrounding" the inner tube, it is equally improper for Automatic to argue that the absence of a qualifier means that the limitation meant "*completely and partially* circularly surrounding." Addition of "completely"

would simply be redundant; it is addition of the further qualifier "and partially" that is improper.

Nor does use of the language "at least one . . . inward-groove" cover a series of grooves that together define a circle about the inner tube. Rather, it is clear that "at least one" means that *each* of the grooves must have all of the characteristics that follow, *i.e., each* must be a *single continuous groove describing a complete circle around the inner tube.* In other words, there could be a series of such grooves spaced along the inner tube to provide for various locking positions for various extensions of the telescoping locking arms.

Looking briefly at the written description, *see Comark Communications, Inc.*, ___ F.3d at ___, 1998 WL 614579 at *4 ("Proper claim construction requires an examination of the claim language, *the written description,* and, if relevant, the prosecution history"; emphasis added), the court notes that "circularly surrounding" is also used to describe the inner and outer "tubes" and their inner and outer surfaces, plainly complete cylinders. In the face of what the court finds to be the plain, ordinary meaning of the language of the claim, and support for that interpretation from the description, the court does not find Automatic's assertions of different terminology used in prior art to define continuous grooves completely encircling a tube to be relevant. *See id.* ("Proper claim construction requires an examination of the claim language, the written description, and, *if relevant,* the prosecution history;" emphasis added).

Thus, the EXCALI-BAR, which has at least two grooves that together define no more than a 240-degree arc of a circle around the inner tube, does not literally

infringe this limitation of claim **1** of the '166 patent as a matter of law.

ii. "Equivalents" infringement and estoppel. Dethmers contends that Automatic is precluded from asserting that the EXCALI-BAR nonetheless infringes this limitation of claim **1** under the doctrine of equivalents, because the "circularly surrounding" limitation was added in an amendment in response to a rejection by the Examiner, and without explanation, the change is presumed to be to overcome prior art, citing *Warner-Jenkinson,* ___ U.S. at ___, 117 S. Ct. at 1051. Automatic, however, asserts that the groove on the Dethmers tow bar is the equivalent of the groove claimed in claim **1** of the '166 patent, because the function of both grooves is to engage an element prohibiting relative movement of the tubes, the function is carried out in the same way, by an indentation in the inner tube, and the result of both means is that they prohibit the relative movement of the inner and outer tubes. Automatic disputes that prosecution history estoppel precludes assertion of this "equivalents" infringement, because the language used was a mere substitution that had nothing to do with patentability.

In the absence of some sort of estoppel, the court would also conclude that the EXCALI-BAR does infringe this limitation of the '166 patent under the doctrine of equivalents, as a matter of law. The court finds that the grooves on the EXCALI-BAR are "equivalents" to this limitation of the '166 patent, because, as Automatic argues, "'the substitute element matches the function, way, and result of the claimed element,'" and plainly does not "'play[ ] a role substantially different from the claimed element.'" *Tronzo,* ___ F.3d at ___, 1998 WL 546978 at *5 (quoting *Warner-Jenkinson,* 520 U.S. at ___, 117 S. Ct. at

1054); *Comark Communications, Inc.*, ___ F.3d at ___, 1998 WL 614579 at *6; *Ethicon Endo-Surgery, Inc.*, 149 F.3d at 1315. Indeed, Dethmers has not argued otherwise, instead founding its motion for summary judgment of non-infringement of this limitation under the doctrine of equivalents on the unavailability of that doctrine by reason of prosecution history estoppel.

However, Automatic has generated a genuine issue of material fact on the applicability of prosecution history estoppel by coming forward with evidence that the amendment first using "inward-groove circularly surrounding" was simply to replace the phrase "indentation arrayed about" in the interest of clarity, not to overcome any prior art rejection. The court acknowledges that there is a presumption that where a patent owner cannot show a reason for the amendment other than patentability, "a court should presume that the purpose behind the . . . amendment is such that prosecution history estoppel would apply." *Warner-Jenkinson,* 520 U.S. at ___, 117 S. Ct. at 1054; *Litton Sys., Inc.,* 140 F.3d at 1456. However, that presumption is not irrebutable. *See Hilton Davis Chem. Co. v. Warner-Jenkinson Co.,* 114 F.3d 1161, 1163 (Fed. Cir. 1997) (*per curiam*) (appellate decision upon remand from the Supreme Court remanding to the district court to determine whether the presumption established by the Supreme Court could be rebutted by the patentee). Furthermore, although "an amendment made for reasons other than patentability may still give rise to an estoppel," the court cannot find on this record that there is the necessary "clear and unmistakable surrender" of equivalents to the literal terms of this limitation. *See Litton Sys., Inc.,* 140 F.3d at 1458. Therefore, Dethmers' motion for

summary judgment of non-infringement must be denied as to this limitation.

c. The spring location

Next, Dethmers contends that its EXCALI-BAR does not have a spring means located between a cover member and a medially-located cam portion of the slidable latch as required by the '166 patent. The pertinent limitation of the '166 patent is the following:

> What is claimed is as follows:
>
> **1.** Arrestably Lockable Telescoping Tow-Bar Assembly comprising:
>
> * * *
>
> (E) helical spring means surrounding the outer-tube and actuatably extending directionally longitudinal between the cover member and the slidable latch member medially-located cam portion.

Patent No. '166, claim **1**. Dethmers interprets this limitation to require a helical spring to be in place between the cover and the medially-located cam portion of the slidable latch member. Dethmers contends that its tow bar does not have "a medially-located cam,"[14] so that the helical spring used in its tow bar is not located between such a cam and a cover member. Instead of a "cam," the allegedly infringing element is shown in the "exploded" view on page

[14] Dethmers also contends that its tow bar does not have a "cover," an argument that the court will consider below.

27 as part 31, and it is identified in the parts list as a "Lock Collar." It is also shown in Figures 4a, 4b, 6a, and 6b on pages 28 and 29, respectively, as part 84. Automatic insists that this part of the EXCALI-BAR is indeed a "cam," and that it is located near the middle of the Dethmers latch assembly. Automatic also contends that the proper interpretation of this limitation is that there is a helical spring means disposed in the space that separates the cover member, which is restrained from moving rearwardly, and the cam portion of the slidable latch, which contacts the roundish bodies that engage the groove.

The court perceives Dethmers's argument to be less about where the spring is located than to be about the absence of the two parts between which the spring is supposed to lie. Thus, Dethmers's argument appears to be that, because the requisite parts are absent, the helical spring in the Dethmers tow bar does not lie "between" them.

i. Claim interpretation and literal infringement. Considering here only the presence or absence of a "medially-located cam," the court finds first that the '166 patent does not define "cam" in "some clear special" way. *Enercon GmbH,* 151 F.3d at ___, 19098 WL 469892 at *9; *Vitronics,* 90 F.3d at 1582; *Athletic Alternatives,* 73 F.3d at 1578. Thus, the court must resort to the "ordinary meaning" of the term. *Enercon GmbH,* 151 F.3d at ___, 1998 WL 469892 at *9; *Vitronics,* 90 F.3d at 1582; *Athletic Alternatives,* 73 F.3d at 1578. A "cam" is a "rotating or sliding piece in a mechanical linkage used esp[ecially] in transforming rotary motion into linear motion or vice versa." *See, e.g.,* WEBSTER'S COLLEGIATE DICTIONARY (10th ed.). Part 84 in figures 4a, 4b, 6a, and 6b literally fits within

this definition, because it is a sliding piece that converts linear motion along the longitudinal axis of the telescoping arms of the tow bar into linear motion in a perpendicular direction, *i.e.,* "radially" inward and outward from the longitudinal axis of the inner tube, to push the locking balls or members into locking position in the groove.

This is not to say, however, that the EXCALI-BAR literally infringes limitation (E) of claim **1** of the '166 patent. The limitation in question consists of the entire expression "helical spring means . . . between the cover member and the slidable latch member medially-located cam portion." *See Enercon GmbH,* 151 F.3d at ___, 1998 WL 469892 at *8 ("To establish literal infringement, a plaintiff must demonstrate that every limitation in the claim is literally met by the accused device."); *accord Strattec Security Corp.,* 126 F.3d at 1418 (stating that literal infringement of a claim exists when every limitation recited in the claim is found in the accused device). The court finds that, as a matter of law, the helical spring in the Dethmers tow bar, shown in figures 4a, 4b, 6a, and 6b as part 94, is not "between" the "cam" and any "cover," but between the "cam" and part 66, which is not a "cover," but a part between the "cam" and the inner tube. In short, there is no "cover" apart from the "cam" itself. Thus, the entire limitation of the claim is not present and the EXCALI-BAR tow bar does not literally infringe claim **1** of the '166 patent.

ii. "Equivalents" infringement and estoppel. Therefore, the court turns to the question of whether Dethmers is entitled to summary judgment on the ground that its tow bar does not infringe this limitation of claim **1** of the '166 patent under the doctrine of equivalents. The court finds that the placement of the spring means on the

EXCALI-BAR is an "equivalent" to this limitation of the '166 patent, because, as Automatic argues, "'the substitute element matches the function, way, and result of the claimed element,'" and plainly does not "'play[ ] a role substantially different from the claimed element.'" *Tronzo*, ___ F.3d at ___, 1998 WL 546978 at *5 (quoting *Warner-Jenkinson*, 520 U.S. at ___, 117 S. Ct. at 1054); *Comark Communications, Inc.*, ___ F.3d at ___, 1998 WL 614579 at *6; *Ethicon Endo-Surgery, Inc.*, 149 F.3d at 1315. The function of the spring itself in the '166 patent appears to be to push the "cam" into locking position, which in turn pushes the engagement devices or balls into the groove on the inner tube, and to retain the cam there, while the function of placement of the spring "between" two other elements appears to be to keep it free of debris; the way in which these functions are performed is to place the spring where, in extended form, it pushes the "cam" (or equivalent member) into the locking position, and to cover the spring to keep it free of debris; with the result that the engagement devices or balls are pushed into the groove on the inner tube and the internal parts of the latch are protected from debris. Indeed, Dethmers once again has not argued otherwise, instead founding its motion for summary judgment of non-infringement of this limitation under the doctrine of equivalents on the unavailability of that doctrine by reason of prosecution history estoppel.

Dethmers asserts that Automatic cannot assert "equivalents" infringement as to this limitation, because Automatic amended this portion of claim 1 to avoid the prior art of the Nikitenko reference. Dethmers describes this as "classic" prosecution history estoppel. Automatic counters that the amendments to this limitation were not to overcome cited prior art, but to clarify the invention,

and therefore prosecution history estoppel is inapplicable to the amendment to this limitation. Automatic argues that it would be ludicrous to add limitations identical to those in the Nikitenko reference to attempt to distinguish the prior art. Dethmers responds that Automatic has failed to demonstrate that the change was not in an attempt to overcome prior art in light of the Examiner's rejection of the limitation, and in the absence of such evidence, Dethmers once again invokes the *Warner-Jenkinson* presumption that the reason was to overcome prior art.

However, the court once again notes that the *Warner-Jenkinson* presumption is not irrebutable. *See Hilton Davis Chem. Co.,* 114 F.3d at 1163 (appellate decision after remand from the Supreme Court remanding to the district court to determine whether the presumption established by the Supreme Court could be rebutted by the patentee). Also, once again, although "an amendment made for reasons other than patentability may still give rise to an estoppel," the court cannot find on this record that there is the necessary "clear and unmistakable surrender" of equivalents to the literal terms of this limitation. *See Litton Sys., Inc.,* 140 F.3d at 1458. Genuine issues of material fact as to the reason for the amendment and its impact on prosecution history estoppel preclude summary judgment on this ground. Therefore, Dethmers' motion for summary judgment of non-infringement must be denied as to this limitation.

d. The cover

Finally, Dethmers contends that its EXCALI-BAR does not have a cover over the trailward portion of its

slidable latch member as required by the '166 patent. The pertinent limitation of the '166 patent is the following:

> What is claimed is as follows:
>
> **1.** Arrestably Lockable Telescoping Tow-Bar Assembly comprising:
>
> * * *
>
> (D) a cover having a leading-part slidably surrounding the slidable latch member trailward-part and being directionally trailwardly immovably restrained along the outer-tube[.]

Patent No. '166, claim **1**. Dethmers interprets this limitation to require that the cover be over the trailward portion of the slidable latch member and that it be slidable in relation to that latch member. Dethmers contends that the EXCALI-BAR has no such cover. Automatic does not argue that there is a "cover" on Dethmers's tow bar that literally infringes this limitation, or indeed that portion of the limitation just previously discussed that also relates to the placement of a helical spring in relation to a "cover." Rather, Automatic's entire assertion of infringement as to a "cover" is based on "equivalents." Nonetheless, before considering whether there is "equivalents" infringement of the "cover," the court must construe the claim.

i. Claim interpretation. The court finds first that the '166 patent does not define "cover" or any of the other terms of this limitation in "some clear special" way. *Enercon GmbH,* 151 F.3d at ___, 1998 WL 469892 at *9; *Vitronics,* 90 F.3d at 1582; *Athletic Alternatives,* 73 F.3d at 1578. Thus, the court must resort to the "ordinary meaning" of the terms. *Enercon GmbH,* 151 F.3d at 1384; *Vitronics,* 90

F.3d at 1582; *Athletic Alternatives,* 73 F.3d at 1578. The court interprets the limitation to involve "a cover," *i.e.,* a separate part, that has "a leading-part slidably surrounding the slidable latch member trailward-part," *i.e.,* that is movable in relation to the latch member, and that is "directionally trailwardly immovably restrained along the outer-tube," *i.e.,* that is limited or stopped in its movement toward the trailward portion of the latch member by some means. Here, the description of the "cover" provides some insight, when read in relation to the numbered illustration in Figure 2 of the '166 patent, which appears on page 11 of this opinion. *See Comark Communications, Inc.,* ___ F.3d at ___, 1998 WL 614579 at *4 ("Proper claim construction requires an examination of the claim language, *the written description,* and, if relevant, the prosecution history"; emphasis added). It provides that

> [t]here is a cover member **50** having a longitudinally extending leading part **51** that always slidably surrounds the slidable latch trailward-part **42** and *which cover member is directionally longitudinally immovable along outer-tube* ***30****. In the latter vein, cover member* ***50*** *might have an upright portion* ***52*** *(depending from leading part* ***51****) and abutting against said shoulder portion* ***34S****.*

Patent No. '166, col. 3 (emphasis added). Thus, the "cover" is restrained by some means from moving "trailward," as in the example given in the description, by the trailward portion of the cover encountering a "shoulder" or other impediment on the outer tube.

ii. "Equivalents" infringement and vitiation of claim limitations. Dethmers asserts that there is no "cover" and no equivalent of a "cover" in its EXCALI-BAR

tow bar, and that any "equivalent" is precluded by the rule that assertion of the doctrine of equivalents is barred where to apply the doctrine would "vitiate" the claim limitation. *See Warner-Jenkinson,* 520 U.S. at ___, 117 S. Ct. at 1049. Automatic asserts that the Dethmers tow bar has an equivalent in that the structure identified as 84 in figures 41, 4b, 6a, and 6b on 28 and 29, respectively, plays the same role as that of the claimed element, keeping debris out of the latching mechanism; this function is accomplished in the same way, by completely covering the interior of the latching mechanism; with the same result, protection of the interior of the latching mechanism. Automatic asserts that structure 84 corresponds to both the "cam" and the "cover" of claim 1 of the '166 patent, and that more than one claim limitation may be present in a single infringing element, citing *Dolly, Inc. v. Spalding & Evenflo Cos., Inc.,* 16 F.3d 394, 398 (Fed. Cir. 1994). Dethmers contends that Automatic has misapplied *Dolly,* because the court in that case held that when the limitations themselves require separate elements, using the doctrine of equivalents to cover such devices results in vitiation of a claim limitation. *Id.* at 399-400.

"If a theory of equivalence would vitiate a claim limitation, . . . then there can be no infringement under the doctrine of equivalents as a matter of law." *Tronzo,* ___ F.3d at ___ (citing *Warner-Jenkinson Co.,* 520 U.S. at ___, 117 S. Ct. at 1049, 1053 n.8, but finding no equivalence). A more thorough discussion of the "vitiation" rule, including discussion of *Dolly* upon which the parties rely, is found in *Ethicon Endo-Surgery, Inc. v. United States Surgical Corp.,* 149 F.3d 1309, 1316-21 (Fed. Cir. 1998). There, the court appeared to treat the "vitiation" rule as a corollary of the "All Elements" rule, *see Ethicon Endo-Surgery, Inc.,*

149 F.3d at 1317, which this court discussed briefly above at page 110 as a curb on over-expansive application of the doctrine of equivalents.[15]

In *Ethicon,* the district court had held that Ethicon's argument for equivalents infringement would read limitations out of the patent. *See id.* at 1316. The appellate court discussed this conclusion in detail:

> To support its conclusion, the court relied on this court's opinions in *Dolly, Inc. v. Spalding & Evenflo Cos.*, 16 F.3d 394, 29 USPQ2d 1767 (Fed. Cir. 1994), and *Wiener v. NEC Electronics, Inc.*, 102 F.3d 534, 41 USPQ2d 1023 (Fed. Cir. 1996). More specifically, the court relied on our statements that "[t]he doctrine of equivalents is not a license to ignore the claim limitations," *Dolly,* 16 F.3d at 398, 29 USPQ2d at 1769, and "[t]he protection of a patent may not 'embrace a structure that is specifically excluded from the scope of the claims.'" *Wiener,* 102 F.3d at 541, 41 USPQ2d at 1028 (quoting *Dolly*, 16 F.3d at 400, 29 USPQ2d at 1771). The court found the claim limitations to be in effect specific exclusions of all other subject matter. In its argument before this court, USSC found additional support for the district court's decision in our more recent opinion in *Sage Products, Inc. v. Devon Industries, Inc.,* 126 F.3d

[15] The court in *Ethicon* also opined that the "All Elements" rule was more properly called the "All Limitations" rule, and therefore referred to it by that name throughout much of the opinion. *See Ethicon Endo-Surgery, Inc.,* 149 F.3d at 1317 n. *. Although the court in *Ethicon* recognized that the "All Limitations" or "All Elements" rule was a curb on the doctrine of equivalents, the court also cautioned that the "All Elements" rule must not swallow the doctrine of equivalents, either. *Id.* at 1317.

1420, 44 USPQ2d 1103 (Fed. Cir. 1997), which stated that "the doctrine of equivalents does not grant [a patentee] license to remove entirely [any of the] limitations from the claim." *Sage,* 126 F.3d at 1424, 44 USPQ2d at 1106 (citing *Warner-Jenkinson, Pennwalt,* and *Dolly*).

Ethicon argues that the district court's reliance on *Dolly* and *Wiener,* as well as USSC's reliance on *Sage,* is misplaced because those cases are factually distinguishable, and in any event no language in claim 6 "directly addresses and specifically excludes" a lockout positioned as in USSC's staplers. Ethicon also argues that the statements relied upon by the district court and USSC, if read broadly, would thoroughly undermine the doctrine of equivalents and specifically contradict *Corning Glass Works v. Sumitomo Electric U.S.A., Inc.,* 868 F.2d 1251, 1259, 9 USPQ2d 1962, 1968 (Fed. Cir. 1989) ("An equivalent must be found for every limitation of the claim somewhere in an accused device, but not necessarily in a corresponding component, although that is generally the case."). . . .

The discussion of our case law by both parties, as well as the district court, requires that we place the cited decisions in perspective, as well as in the context of *Warner-Jenkinson.* We agree with Ethicon that, if read as argued by USSC, the above-quoted statements from *Dolly, Wiener,* and *Sage* would force the All Elements rule to swallow the doctrine of equivalents, reducing the application of the doctrine to nothing more than a repeated analysis of literal infringement. Once a negative determination of literal infringement is made, that failure to meet a limitation would preclude a finding of infringement under the doctrine. The doctrine of

> equivalents would thus be rendered superfluous under USSC's view, because a finding of non-infringement would be foreordained when a court has already found that the accused subject matter does not literally fall within the scope of the asserted claim. However, any analysis of infringement under the doctrine of equivalents necessarily deals with subject matter that is "beyond," "ignored" by, and not included in the literal scope of a claim. Such subject matter is not necessarily "specifically excluded" from coverage under the doctrine unless its inclusion is somehow inconsistent with the language of the claim. Literal failure to meet a claim limitation does not necessarily amount to "specific exclusion." *Cf. Athletic Alternatives, Inc. v. Prince Mfg., Inc.*, 73 F.3d 1573, 1581, 1582-83, 37 USPQ2d 1365, 1372, 1373-74 (Fed. Cir. 1996) (holding that a device "with only two offset distances" was "specifically excluded from the scope of the claim[ ]" because the claim had been construed to include "the limitation that the . . . offset distance take on at least three values").

Ethicon Endo-Surgery, Inc., 149 F.3d at 1316-17. The court then considered the reasoning and holdings in *Dolly, Wiener,* and *Sage* in turn. *Id.* at 1317-18. The court reached the following conclusion:

> *Dolly, Wiener,* and *Sage* were decided on their facts, and were consistent with both our precedent and with the Supreme Court's recent express adherence to the doctrine of equivalents as a viable alternative to literal infringement. *They simply explained that on the facts presented, no reasonable finder of fact could have found infringement by equivalents because the differences between the allegedly infringing devices and the*

> *claimed inventions were plainly not insubstantial. See Graver Tank & Mfg. Co. v. Linde Air Prods. Co.*, 339 U.S. 605, 609, 70 S. Ct. 854, 94 L. Ed. 1097, 85 USPQ 328, 330 (1950) ("What constitutes equivalency must be determined against the context of the patent, the prior art, and the particular circumstances of the case."). *But they did not read the doctrine of equivalents out of existence when a claim limitation is not expressly met by an accused device.*

Ethicon Endo-Surgery, Inc., 149 F.3d at 1318 (emphasis added). After conducting a similar fact-based analysis in the case before it, the court concluded that the differences in placement of a lockout on a stapler between the accused device and the patented invention was also "not insubstantial," and consequently the district court properly granted summary judgment on the ground that there was no "equivalents" infringement. *Id.* at 1318-19.

Here, the court finds that there are genuine issues of material fact as to whether the limitation defining a separate "cover" in a specific relationship to a "cam" and "helical spring" "specifically excluded" an equivalent in which the functions of the "cover" and "cam" are combined in a single element, as they are in element 84 of the accused device. *See id.* at 1317. These genuine issues of material fact arise primarily from the context of the prosecution of the patent leading to the present language of this limitation of claim 1. There are also genuine issues of material fact as to whether structure 84 is an equivalent of this limitation, because this court cannot find that "no reasonable fact finder could [find] equivalence," when the court considers either the function, way, and result of the allegedly corresponding elements or whether their differences are "insubstantial" or "not insubstantial." *See*

id. at 1318-19 (concluding that this was the basis on which the *Dolly, Wiener,* and *Sage* decisions reached their conclusions). Thus, the court cannot render summary judgment in favor of Dethmers on either equivalents infringement or vitiation of a claim limitation by application of the doctrine of equivalents as to infringement of this limitation of claim 1 of the '166 patent. These questions properly belong to a jury.

4. Summary

In summary, as to Dethmers's motion for summary judgment or partial summary judgment, the court concludes, first, that the court cannot find that either anticipation or obviousness of certain claims has been established beyond dispute where there are genuine issues of material fact as to the nature of the Weasler device upon which those arguments depends. Therefore, the court cannot hold as a matter of law that the '166 patent is invalid on these grounds. Next, the court concludes that genuine issues of material fact preclude summary judgment in Dethmers's favor on its assertion that the '166 patent is unenforceable owing to inequitable conduct by Automatic in prosecution of the patent. Again, genuine issues of material fact as to the materiality of the omitted prior art, the Weasler patent, and the intent to deceive by failing to disclose that prior art, where there are genuine issues of material fact as to the nature of the Weasler device upon which those elements of the argument in part depend. Finally, although the court concludes that the accused device does not literally infringe any of the three limitations of claim 1 of the patent specifically put at issue, the court finds that there are genuine issues of material fact as to whether prosecution history estoppel or

some other bar prevents Automatic from asserting "equivalents" infringement. Thus, Dethmers's motion for summary judgment must be denied in its entirety.

III. CONCLUSION

Upon consideration of the record and the arguments of the parties, the court rules as follows:

1. Automatic's December 5, 1997, motion to dismiss or in the alternative for partial summary judgment, for more definite statement, and to strike is **granted** as to summary judgment on all prayers for punitive damages on state-law claims, but otherwise **denied**.

2. Automatic's March 11, 1998, motion for summary judgment on the invalidity of the Re482 patent is **denied** as to insufficiency of "errors," and assertion that the reissue patent is not for the "same invention" as the original '240 patent, but **granted** as to the inadequacy of the reissue declaration, on the ground that it does not comply with the detail required by the decisions of the Federal Circuit Court of Appeals in *Nupla* and *Constant,* and the former version of 37 C.F.R. § 1.175, and the Re482 patent is hereby declared **invalid**.

3. Dethmers June 2, 1998, motion for summary judgment or in the alternative partial summary judgment on patent invalidity, unenforceability, and non-infringement is **denied** in its entirety.

IT IS SO ORDERED.

DATED this 29th day of September, 1998.

Copies mailed on 9-29-98
to counsel of record or pro
se parties as shown on the
docket sheet
/s/ [Illegible]
Deputy Clerk

/s/ Mark W. Bennett
MARK W. BENNETT
U. S. DISTRICT
COURT JUDGE

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF IOWA
WESTERN DIVISION

DETHMERS MANUFACTURING CO., INC., Plaintiff, vs. AUTOMATIC EQUIPMENT MFG. CO., Defendant.	Case Number: C96-4061MWB *JUDGMENT PURSUANT TO RULE 54(b) IN A CIVIL CASE* (Filed Nov. 3, 1999)

[X] *DECISION BY COURT*: *This action came before the Court. The issues have been decided and a decision has been rendered.*

IT IS ORDERED AND ADJUDGED THAT

Final judgment pursuant to Rule 54(b) of the Federal Rules of Civil Procedure is entered as follows:

1: Judgment is entered in favor of Plaintiff Dethmers on Count I of Dethmers's Complaint and Count IV of Defendant Automatic's Counterclaim and the Court declares that Plaintiff Dethmers's accused devices do not infringe United States Patent No. 5,356,166.

2: Judgment is entered in favor of Defendant Automatic on Count II of Plaintiff Dethmers's Complaint and Count I of Defendant Automatic's Counterclaim, and the Court declares that United States Patent No. Re32,482 is invalid.

3: Judgment is entered dismissing Count V of Defendant Automatic's Counterclaim for lack of subject matter jurisdiction.

4: Judgment is entered in favor of Plaintiff Dethmers on Counts II and III of Defendant Automatic's Counterclaim.

Notwithstanding the entry of judgment as stated above pursuant to Rule 54(b) of the Federal Rules of Civil Procedure, Counts III, VIII and IX of Plaintiff Dethmers's Complaint remain pending before this Court.

DATE: November 3, 1999

/s/ James D. Hodges, Jr.
Clerk

/s/ [Illegible]
(By) Deputy Clerk

APPROVED AS TO FORM:

/s/ MWB
MARK W. BENNETT
District Court Judge

United States Court of Appeals
for the Federal Circuit

00-1114, -1130

DETHMERS MANUFACTURING COMPANY, INC.,

Plaintiff-Appellant,

v.

AUTOMATIC EQUIPMENT MFG CO.,

Defendant-Cross Appellant.

David A. Tank, Davis, Brown, Koehn, Shors & Roberts, P.C., of Des Moines, Iowa, filed a petition for rehearing en banc for plaintiff-appellant. With him on the petition were *Brian J. Laurenzo* and *Michael C. Gilchrist*, Dorsey & Whitney, LLP, of Des Moines, Iowa.

Timothy R. Engler, Harding, Schultz & Downs, of Lincoln, Nebraska, filed a response for defendant-cross appellant. With him on the response was *Donald R. Schoonover*, Schoonover Law Firm, of Fremont Hills, Missouri.

John M. Whealan, Solicitor, United States Patent and Trademark Office, of Arlington, Virginia, filed an amicus curiae brief for the Director of the United States Patent and Trademark Office. With him on the brief were *Kristin L. Yohannan* and *Cynthia C. Lynch*, Associate Solicitors.

Appealed from: United States District Court for the Northern District of Iowa

Judge Mark W. Bennett

ON PETITION FOR REHEARING EN BANC

ORDER

A petition for rehearing en banc was filed by the Appellant, and a response thereto was invited by the court and filed by the Cross-Appellant. The United States Patent and Trademark Office filed a brief as amicus curiae.

This matter was referred first as a petition for rehearing to the merits panel that heard this appeal. Thereafter, the petition for rehearing en banc, response, and the amicus curiae brief were referred to the circuit judges who are authorized to request a poll whether to rehear the appeal en banc. A poll was requested, taken, and failed.

Upon consideration thereof,

IT IS ORDERED THAT:

(1) The petition for rehearing is denied.

(2) The petition for rehearing en banc is denied.

LINN, *Circuit Judge*, with whom NEWMAN, LOURIE, DYK, and PROST, *Circuit Judges*, join, dissents in a separate opinion.

DYK, *Circuit Judge*, with whom NEWMAN, LOURIE, GAJARSA, LINN, and PROST, *Circuit Judges*, join, dissents in a separate opinion.

The mandate of the court will issue on June 20, 2002.

FOR THE COURT

JUN 13 2002
Date

/s/ Jan Horbaly
Jan Horbaly
Clerk

(Filed JUN 13 2002)

cc: Brian J. Laurenzo, Esq.
Donald R. Schoonover, Esq.
John M. Whealan, Esq.

LINN, *Circuit Judge*, with whom NEWMAN, LOURIE, DYK, and PROST, *Circuit Judges*, join, dissenting from the order denying rehearing en banc.

The panel decision invalidates certain reissue claims, not based on any of the statutory grounds of patentability recited in 35 U.S.C. §§ 101, 102, 103 or 112, nor on any requirement of 35 U.S.C. § 251, but on the application by the United States Patent and Trademark Office ("PTO") of its own procedural rule specifying the content of a reissue oath or declaration. The decision applies a de novo standard of review in reliance on *Nupla Corp. v. IXL Mfg. Co.*, 114 F.3d 191, 42 USPQ2d 1711 (Fed. Cir. 1997).

The panel decision raises a serious question regarding the effect of the statutory presumption of validity to which the patent is entitled under 35 U.S.C. § 282, in circumstances where the PTO's actions in administering its own procedural regulations are challenged. The presumption of validity reflects the deference due the PTO's determination

of patentability and the administrative regularity underlying the patent grant. This deference was described in *Am. Hoist & Derrick Co. v. Sowa & Sons, Inc.* as:

> . . . the deference that is due to a qualified government agency presumed to have properly done its job, which includes one or more examiners who are assumed to have some expertise in interpreting the references and to be familiar from their work with the level of skill in the art and whose duty it is to issue only valid patents.

725 F.2d 1350, 1359, 220 USPQ 763, 770 (Fed. Cir. 1984).

In *Hyatt v. Boone*, this Court remarked:

> Regularity of routine administrative procedures [administered by the PTO] is presumed, and departure therefrom . . . is not grounds of collateral attack. Courts should not readily intervene in the day-to-day operations of an administrative agency, especially when the agency practice is in straightforward implementation of the statute.

146 F.3d 1348, 1355-56, 47 USPQ2d 1128, 1133 (Fed. Cir. 1998). *Cf. Bowles v. Seminole Rock & Sand Co.*, 325 U.S. 410, 414 (1945) ("The intention of Congress or the principles of the Constitution in some situations may be relevant in the first instance in choosing between various constructions [of an administrative regulation]. But the ultimate criterion is the administrative interpretation, which becomes of controlling weight unless it is plainly erroneous or inconsistent with the regulation."); *Vermont Yankee Nuclear Power Corp. v. Natural Res. Def. Council, Inc.*, 435 U.S. 519, 524 (1978) ("[T]his Court has for more than four decades emphasized that the formulation of procedures was basically to be left within the discretion of

the agencies to which Congress had confided the responsibility for substantive judgments.").

From these decisions it can be argued that once a patent issues, non-compliance with a procedural rule administered by the PTO within the scope of the agency's statutory authority and found, by virtue of the grant of the patent, to have been satisfied during prosecution is, in and of itself, of no consequence. The holding of the majority in the present case, based on *Nupla*, that a patent may be invalidated due to an examiner's misapplication of a PTO procedural rule, is contrary to that proposition and rests on a ground of invalidity not included in the exclusive list of grounds for invalidating a patent set forth in 35 U.S.C. § 282. The holding is thus based on a questionable foundation and fails to recognize the statutory presumption of validity to which every issued United States patent is entitled. To the extent *Nupla* concludes otherwise, it is incorrect and should be overruled.

Moreover, application of the de novo standard of review in the context of this case, following *Nupla*, is contrary to the deference owed to PTO interpretations of its own procedural rules. *See Dickinson v. Zurko*, 527 U.S. 150, 161 (1999); *Bowles*, 325 U.S. at 413-14.

The panel decision thus raises important questions both as to the effect of the statutory presumption of validity on the consideration of alleged violations of PTO procedural rules in post-grant *inter partes* proceedings and as to the deference owed to the PTO under the Administrative Procedure Act following *Zurko*. For these reasons, I respectfully dissent from the court's declining to consider this case en banc.

DYK, *Circuit Judge*, with whom NEWMAN, LOURIE, GAJARSA, LINN, and PROST, *Circuit Judges*, join, dissenting from the order denying rehearing *en banc*.

The court's decision declining to hear this case *en banc* perpetuates a serious anomaly in the patent law. The central issue is whether the United States Patent and Trademark Office ("PTO"), in interpreting and applying its own regulations, earns the same deference as other administrative agencies. The panel decision holds that the PTO's interpretation earns no deference, following our earlier decisions in *In re Constant*, 827 F.2d 728, 729, 3 USPQ2d 1479, 1480 (Fed. Cir.), *cert. denied*, 484 U.S. 894 (1987), and *Nupla Corp. v. IXL Manufacturing Co.*, 114 F.3d 191, 193, 42 USPQ2d 1711, 1713 (Fed. Cir. 1997).

Although this issue arises in the context of a reissue regulation that has been changed, 37 C.F.R. § 1.175 (1996), the significance of this case is unaffected. The issue is not how the regulation should be construed, but rather the standard of deference due the PTO's interpretation of the regulation. Our decision on that deference issue, declining to give deference to the PTO interpretation, is directly inconsistent with Supreme Court decisions concerning other agencies[1] and with our own decisions concerning other agencies, *see, e.g.*, *American Express Co. v. United*

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[1] *United States v. Cleveland Indians Baseball Co.*, 532 U.S. 200, 220 (2001); *Auer v. Robbins*, 519 U.S. 452, 461 (1997); *Thomas Jefferson Univ. v. Shalala*, 512 U.S. 504, 512 (1994); *Udall v. Tallman*, 380 U.S. 1, 16 (1965); *Bowles v. Seminole Rock & Sand Co.*, 325 U.S. 410, 414 (1945); *see also Vt. Yankee Nuclear Power Corp. v. Natural Res. Def. Council, Inc.*, 435 U.S. 519, 524 (1978); *Fed. Power Comm'n v. Transcon. Gas Pipe Line Corp.*, 423 U.S. 326, 333-34 (1976).

States, 262 F.3d 1376, 1382-83 (Fed. Cir. 2001), and direct review cases involving the PTO itself, *see, e.g.*, *Kubota v. Shibuya*, 999 F.2d 517, 521, 27 USPQ2d 1418, 1421 (Fed. Cir. 1993); *Hyatt v. Boone*, 146 F.3d 1348, 1355-56, 47 USPQ2d 1128, 1133 (Fed. Cir. 1998), *cert. denied*, 525 U.S. 1141 (1999). There is no reason to deny deference here. Indeed, if anything, more deference should be afforded the PTO in this particular area because we are ill equipped to determine whether the PTO has received the information that it deems necessary for an examination.

Resolution of the deference issue, as the PTO has urged, is of "exceptional importance." I respectfully dissent from the decision to deny *en banc* rehearing.

United States Court of Appeals
for the Federal Circuit

June 19, 2002

Errata

Appeal Nos. 00-1114,-1130

DETHMERS MANUFACTURING v. AUTOMATIC EQUIPMENT

Precedential Order issued on June 13, 2002

The following correction has been made:

Circuit Judge Gajarsa joins Circuit Judge Linn's dissent.

BRIEF FOR DIRECTOR OF THE UNITED STATES PATENT AND TRADEMARK OFFICE AS *AMICUS CURIAE* IN SUPPORT OF DETHMER'S PETITION FOR REHEARING *EN BANC*

United States Court of Appeals
For the Federal Circuit

Appeal No. 00-1114, -1130

DETHMERS MANUFACTURING CO., INC.
Plaintiff-Appellant

v.

AUTOMATIC EQUIPMENT MANUFACTURING, CO.
Defendant-Cross Appellant

Appeal from the United States District Court for the Northern District of Iowa, C.A. No. C96-4061
Judge Mark W. Bennett

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January 16, 2002

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I. INTRODUCTION

The patent laws provide for the reissue of a patent to correct an error, made without deceptive intent, that would otherwise render the original patent wholly or partly inoperative or invalid. 35 U.S.C. §§ 251, 252. As to patentability, the reissued patent receives the same statutory presumption of validity under 35 U.S.C. § 282 as every other issued patent. *Westvaco Corp. V. Int'l Paper Co.,* 991 F.2d 735, 745, 26 USPQ2d 1353, 1362 (Fed. Cir. 1993). Although the statute does not require a reissue declaration, in accordance with the powers granted to it in 35 U.S.C. § 2 (formerly § 6), the USPTO established regulations governing reissue applications, including a regulation specifying the form and content of a reissue declaration. *See* 37 C.F.R. § 1.175.

In August 2001, at the request of the Court, the USPTO filed an *amicus curiae* brief addressing the relevance of certain case law to the deference due a USPTO decision accepting a reissue declaration and granting a reissue patent. On December 5, 2001, a panel of this Court issued a decision invalidating some, but not all, of the reissue claims based solely on a *de novo* review of the

compliance of the reissue declaration with Rule 175.[1] *Dethmers Manufacturing Co. v. Automatic Equipment,* 272 F.3d 1365, 1376-77, 60 USPQ2d 1929, 1937 (Fed. Cir. 2001). According no deference to the USPTO's own interpretation and application of the rule, the majority concluded that it was "constrained" to follow prior Federal Circuit precedent that reviewed the regulatory compliance of reissue declarations under a *de novo* standard, "without deference to previous administrative determinations." *Id.* at 1370, 60 USPQ2d at 1932.

In dissent, Judge Dyk pointed out that "[a]pplying the approach of *Zurko* [*Dickinson v. Zurko,* 527 U.S. 150 (1999)], [the Federal Circuit is] obligated by clear Supreme Court precedent to give deference to the PTO's own interpretation of its regulations." *Dethmers,* 272 F.3d at 1379, 60 USPQ2d at 1939. Citing Supreme Court case law and the Federal Circuit decisions *American Express Co. v. United States,* 262 F.3d 1376 (Fed. Cir. 2001), and *Hyatt v. Boone,* 146 F.3d 1348, 1355 (Fed. Cir. 1998), Judge Dyk insisted that the USPTO should receive the same level of deference in the interpretation of its own regulations that is accorded other agencies, even where the interpretation comes in the form of an informal ruling. *Dethmers,* 272 F.3d at 1380, 60 USPQ2d at 1940.

On December 18, 2001, Dethmers filed a petition for rehearing *en banc.* On January 2, 2002, this Court requested

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[1] The agency has since revised that rule to significantly relax the requirements that the Court here found to have been violated. *See* Notice of Final Rule, 62 Fed. Reg. 53132-01 (Oct. 10, 1997) (summarizing changes to Rule 1.175).

that Automatic Equipment (cross-appellant) respond to this petition by January 16, 2002.

II. Discussion

This case presents a question of exceptional importance and the panel decision conflicts with applicable Supreme Court and Federal Circuit precedent. *See* Fed. R. App. P. 35; Fed Cir. R. 35. The USPTO supports Dethmers' request for rehearing *en banc* and urges that the Court rehear the case in order to overturn the panel decision's reliance on *Nupla Corp. v. IXL Manufacturing Co.*, 114 F.3d 191, 42 USPQ2d 1711 (Fed. Cir. 1997) to invalidate reissue claims based on a *de novo* review of compliance with a USPTO procedural rule. The *Nupla de novo* standard of review applied by the panel majority is contrary to the presumption of validity of issued patents and to Federal Circuit and Supreme Court precedent on deferring to agency procedural determinations. Further, contrary to statute and other precedent of this court, such a holding relies on an improper non-statutory ground to invalidate a patent.

A. In Relying on *Nupla* the Panel Majority Fails to Accord Dethmer's Reissue Patent the Statutory Presumption of Validity

In considering the appropriate level of deference in a case involving a challenge to the validity of a patent, the Court must first look to 35 U.S.C. § 282, under which a "patent is presumed valid." As this court has held, that presumption encompasses deference to the USPTO's determination of patentability, and recognition of a presumption

of administrative regularity underlying the patent grant. It is described as:

> . . . the deference that is due to a qualified government agency presumed to have properly done its job, which includes one or more examiners who are assumed to have some expertise in interpreting the references and to be familiar from their work with the level of skill in the art and whose duty it is to issue only valid patents.

American Hoist & Derrick Co. v. Sowa & Sons, Inc., 725 F.2d 1350, 1359, 220 USPQ 763, 770 (Fed. Cir. 1984). A litigant must prove patent invalidity by the rigorous standard of clear and convincing evidence because there is a presumption that the USPTO acted properly in the prosecution of the patent. *Ultra-Tex Surfaces, Inc. v. Hill Bros. Chem. Co.*, 204 F.3d 1360, 1367, 53 USPQ2d 1892, 1898 (Fed. Cir. 2000); *Westvaco Corp.*, 991 F.2d at 745, 26 USPQ2d at 1362. This presumption should apply in any validity challenge. In *Superior Fireplace Co. v. The Majestic Products Co.*, 270 F.3d 1358, 60 USPQ2d 1668 (Fed. Cir. 2001), this Court held that even where a defendant challenges the validity of a certificate of correction, the presumption of validity and the clear and convincing standard must still apply ". . . since the effect of that challenge in the present case is to challenge the validity of a claim. . . ." Similarly here, where the effect of the challenge to the declaration amounts to a challenge to the validity of reissue claims, § 282 should apply.

The *Nupla de novo* standard of review, relied on by the majority, fails to take into account the fact that by statute, a patent is presumed to be valid. Therefore, this Court should rehear this case *en banc* to correct this statutory error.

B. The Panel Majority Also Fails to Accord the USPTO *Seminole Rock* Deference, Which Stems From the Presumption of Administrative Regularity Underlying the Patent Grant

The presumption of validity is tied to the well-established tenet that an agency's interpretation and application of its own regulations is entitled to substantial deference. *See, e.g., Bowles v. Seminole Rock & Sand Co.,* 325 U.S. 410, 414 (1945). As this Court's predecessor observed in *Shull v. United States,* 228 Ct. Cl. 750 (1981), the presumption of regularity is closely tied to the deference that courts accord agency interpretation of their own rules. In *Hyatt,* this Court observed that the presumption of regularity of routine administrative procedures supports the principle that "[c]courts should not readily intervene in the day-to-day operations of an administrative agency." 146 F.3d at 1355-56, 547 USPQ at 1133 (rejecting a validity challenge based on technical deficiency in a filing with the USPTO and noting that the challenge "must be viewed in light of the agency's acceptance of the applications as in accordance with the Rule.").

Thus, the presumption of validity is supported by and should embrace the extensive Supreme Court precedent [sic] establishes that when an action being challenged involves the agency's interpretation and application of its own regulation, the agency's action should receive substantial deference unless plainly erroneous. *See, e.g., Seminole Rock,* 325 U.S. at 414. Defining "substantial deference," the Supreme Court stated that "the agency's interpretation must be given 'controlling weight unless it is plainly erroneous or inconsistent with the regulation.'" *Thomas Jefferson v. Shalala,* 512 U.S. 504, 512 (1994) (citations

omitted). This Court has also recognized that informal agency rulings that would not be accorded *Chevron* deference will be accorded substantial deference when they concern interpretation and application of agency rules. *See American Express,* 262 F.3d at 1382-83. Such deference is reinforced when, as here, agency counsel supports the action taken as being within a proper reading of the agency rule. *Auer v. Robbins,* 519 U.S. 452, 462 (1997) (deferring to rule interpretation set forth in agency's *amicus* brief); *Kubota v. Shibuya,* 999 F.2d 517, 519-20 (Fed. Cir. 1993) (rule interpretation supported in *amicus* submission).

In *Hyatt,* this Court granted the USPTO deference in its interpretation of a procedural regulation:

> The issue here raised is not one of substantive continuity of disclosure, but solely of whether a photocopy of the prior oath, instead of a new oath, was acceptable for filing, when it was in fact accepted for filing. *Any technical deficiency in meeting the formal requirements of Rule 60 must be viewed in light of the agency's acceptance of the applications as in compliance with the Rule.* Regularity of routine administrative procedures is presumed, and departure therefrom, should such have occurred, is not grounds of collateral attack. *Courts should not readily intervene in the day-to-day operations of an administrative agency, especially when the agency practice is in straightforward implementation of the statute.*

Id. at 1355-56, 47 USPQ2d at 1133 (emphases added). Thus, in light of *Seminole Rock, Hyatt,* and *American Express,* it is clear that the majority here did not properly apply precedent when it followed *Nupla* and failed to

accord the USPTO any deference in accepting a reissue declaration. Therefore, this Court should grant Dethmers' petition to rehear this case *en banc*.

C. Relying on *Nupla*, the Panel Decision Incorrectly Invalidates Patent Claims on a Non-Statutory Ground

Judge Dyk's reliance on *Hyatt* in his dissent raises another point going beyond deference accorded to the USPTO. The *Hyatt* court held, consistent with other precedent of this Court, that no collateral attack on an issued patent could be raised in an invalidity case based on a perceived violation of agency rules. *Dethmers,* 272 F.3d at 1381, 60 USPQ2d at 1940. The *Nupla* approach followed by the majority here, holding that a patent may be invalid due to an examiner's misapplication of a USPTO procedural rule, rests on a nonstatutory ground for invalidating issued patents. Such an approach overlooks the effect of § 282, which sets forth an exclusive list of grounds for invalidating a patent. Notably, as to reissue patents, the statue explicitly refers to the failure to comply with "any requirement of section[ ] . . . 251 . . . " as a ground for invalidity 35 U.S.C. § 282(3). However, the Court here did not find any failure to comply with § 251, or any other statutory condition for patentability. Rather, the invalidation of claims rests solely on a perceived violation of a procedural rule.

This Court has consistently held that in reviewing decisions of the USPTO, it will not question the USPTO's interpretation and application of its procedural rules absent a showing of fraud. *Seiko Epson Corp. v. Nu-Kote International, Inc.,* 190 F.3d 1360, 1367, 52 USPQ2d 1011,

1017 (Fed. Cir. 1999) ("Technical violations of PTO procedures, absent fraud or intentional deception, are not inequitable conduct as would invalidate the patent.). As this Court held in *Hyatt,* 146 F.3d at 1355, 47 USPQ2d at 1133, on which the dissent here relied, "departure from [routine administrative procedures] should such have occurred, is not grounds of collateral attack" of an issued patent. This Court has, apart from *Nupla,* consistently rejected the notion of per se forfeiture of a patent based on non-fraudulent failure to comply with a rule of practice before the USPTO. *See Magnivision Inc. vs. Bonneau Co.,* 115 F.3d 956, 960, 42 USPQ2d 1925, 1929 (Fed. Cir. 1997) ("A court may invalidate a patent on any substantive ground, whether or not that ground was considered by the patent examiner. Procedural lapses during examination, should they occur, do not provide grounds of invalidity."); *Exxon Corp. v. Philips Petroleum,* 265 F.3d 1249, 1254, 60 USPQ2d 1368, 1372 (Fed. Cir. 2001) (" . . . any procedural error, whether by the examiner or the applicant, is not a ground of patent invalidity . . . Absent proof of inequitable conduct, the examiner's or the applicant's absolute compliance with internal rules of patent examination becomes irrelevant after the patent has issued.").

The invalidation of claims based on a perceived technical violation of a procedural rule, without fraud or inequitable conduct, conflicts with other Federal Circuit precedent. Once an examination leads to the reissuance of a patent, the question of whether the reissue declaration complied with the regulatory standard should be irrelevant.[2]

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[2] Although the USPTO may withhold issuance of a patent based on a failure to comply with its procedural rules, an important distinction

(Continued on following page)

See NLRB v. Kentucky River Community Care, Inc., 121 S. Ct. 1861, 1866 (2001). This is all the more so here, where the USPTO, by subsequently revising its procedural rule to relax the particular requirement-at-issue, indicated its view that the requirement was not necessary for issuance of statutorily valid patents. *See* Notice of Final Rule, 62 Fed. Reg. 53132-01 (Oct. 10, 1997).

Therefore, the panel majority's approach, based on *Nupla* creates a ground for invalidation not found in the statute, extending the grounds for invalidity beyond those established by Congress. *See* 35 U.S.C. § 282. Accordingly, to the extent *Nupla* provides for the invalidation of a reissue patent based on a perceived violation of a procedural rule, it should be overturned as authorizing collateral attacks on issued patents, contrary to this Court's precedents and to the patent statute.

---

exists between the USPTO's reliance on non-compliance with its rules to decline to issue a patent, and a court invalidating an issued patent, entitled to the § 282 presumption, on its *de novo* interpretation and application of the rules. If the USPTO determines that a reissue declaration failed to meet procedural requirements, an applicant has the opportunity to fix the defect and continue with the prosecution of the case. If a court, *de novo*, determines that a reissue declaration does not meet the procedural standards, as the majority did here, the applicant has no mechanism to correct a purely procedural defect and as a result can lose their patent altogether. This result cannot be what the law intended.

III. CONCLUSION

For the foregoing reasons, this court should grant Dethmers' Petition for Rehearing *En Banc*.

January 16, 2002

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In The

Supreme Court of the United States

DETHMERS MANUFACTURING COMPANY, INC.,

Petitioner,

v.

AUTOMATIC EQUIPMENT MFG. CO.,

Respondent.

On Petition For A Writ Of Certiorari To The United States Court Of Appeals For The Federal Circuit

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QUESTIONS PRESENTED

The Court of Appeals for the Federal Circuit declared four of ten claims in Petitioner's patent to be invalid based upon a patent examiner's failure to follow Federal Circuit case law adopted and consistently applied by the United States Patent and Trademark Office ("PTO") as the PTO's interpretation of the regulation at issue. There was no agency adjudicative review of the examiner's decision by the PTO. The issues arising from the decisions below are more accurately phrased:

1. Can a claim in an issued patent be declared invalid by a court when a patent examiner fails to apply the PTO's interpretation of a regulation relating to patentability that relies on Federal Circuit precedent?

2. Is a determination by a patent examiner that a patent application complies with a regulation relating to patentability entitled to complete deference by a court?

CORPORATE DISCLOSURE

The caption accurately lists the parties to the proceeding.

Respondent is Automatic Equipment Manufacturing Co. Respondent does not have a parent corporation. There are no publicly held companies owning ten percent or more of Respondent's stock.

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STATUTORY AND REGULATORY PROVISIONS

I. 5 U.S.C. § 706 (in relevant part)

§ 706 Scope of Review

To the extent necessary to decision and when presented, the reviewing court shall decide all relevant questions of law, interpret constitutional and statutory provisions, and determine the meaning or applicability of the terms of an agency action. The reviewing court shall –

* * *

(2) hold unlawful and set aside agency action, findings, and conclusions found to be –

(A) arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law;

* * *

II. 37 C.F.R. § 1.175 (1996) (in relevant part)

Respondent adds that this regulation cited in the Petition is numbered incorrectly and omits relevant portions.

§ 1.175 Reissue oath or declaration.

(a) Applicants for reissue, in addition to complying with the requirements of § 1.63, must also file with their applications a statement under oath or declaration as follows:

(1) When the applicant verily believes the original patent to be wholly or partly inoperative or invalid, stating such belief and the reasons why.

* * *

(3) When it is claimed that such patent is inoperative or invalid "by reason of the patentee claiming more or less than he had a right to claim in the patent," distinctly specifying the excess or insufficiency in the claims.

* * *

(5) Particularly specifying the errors relied upon, and how they arose or occurred.

(6) Stating that said errors arose "without any deceptive intention" on the part of the applicant.

STATEMENT OF THE CASE

This case does not involve an interpretation of an agency regulation or judicial deference to an agency's interpretation of its regulation. This case involves a single patent examiner's failure to apply to a set of undisputed facts a regulation relating to patentability in a manner consistent with the express interpretation and uniform application of that regulation by the Patent and Trademark Office ("PTO"). The PTO's interpretation adopted and expressly relied on precedent of the Court of Appeals for the Federal Circuit ("Federal Circuit"). The Federal Circuit found the examiner's application of the regulation inconsistent with the PTO's interpretation of the regulation and not in accordance with law. Four of ten claims in a reissue patent were held invalid.

Petitioner, Dethmers Manufacturing Company, Inc. ("Dethmers"), filed a reissue patent application to broaden U.S. Patent Number 5,232,240 in an attempt to encompass products made by Respondent Automatic Equipment

Manufacturing Co. ("Automatic"). The patent examiner initially rejected the reissue application because the declaration filed with the application did not comply with 37 C.F.R. § 1.175 ("Rule 175").[1] Dethmers filed a substitute reissue declaration that the examiner accepted without comment, allowing the reissue application to issue as United States Patent Number Re. 35,482 (the "Reissue Patent"). Dethmers then asserted the Reissue Patent against Automatic by amending a previously-filed complaint.

The district court, mindful of the "heavy burden required for invalidity," granted summary judgment of invalidity because the reissue declarations filed by Dethmers were deficient and the examiner failed to apply Rule 175 properly. (Petition Appendix, hereafter "Pet. App.", 130-43, 188). The court found that genuine issues of material fact prevented the grant of summary judgment on other issues. (Pet. App. 144). These and other invalidity and non-infringement issues remain to be tried in this case.

The Federal Circuit noted there were no facts in dispute, and the question was purely a matter of law,[2] namely, whether the reissue declarations complied with

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[1] All references to this Rule, unless otherwise noted, are to the 1996 version which was in effect for the prosecution and issuance of the Reissue Patent. (Petition Appendix, hereafter "Pet. App." 7). Rule 175 was changed in December 1997, and the current version of this Rule has significantly different requirements.

[2] Dethmers agreed that there are no facts in dispute. "The declaration is self-contained, and either complies with the rule on its face or does not." (Supplemental Br. of Plaintiff-Appellant Dethmers Manufacturing Co., Inc., before the Federal Circuit, at 6).

Rule 175. The Federal Circuit followed its prior case law that had been adopted by the PTO as the agency's interpretation of Rule 175 (Pet. App. 6-8), and analyzed each claim using this interpretation to determine "whether the district court had correctly concluded that the substitute reissue declaration failed to satisfy these requirements." (Pet. App. 9). "The validity of each claim turns on whether the substitute reissue declaration explains every difference in that claim." (Pet. App. 13).

The Federal Circuit agreed with the district court that the examiner failed to follow the PTO's interpretation of Rule 175 that required reissue declarations to "particularly specify each error relied upon, and how they arose or occurred" and to state these "errors arose without any deceptive intention." (Pet. App. 9). Based on this deficiency, the Federal Circuit further agreed with the district court that four of the ten claims were invalid, as a matter of law, because Dethmers' substitute reissue declaration failed to meet the requirements of Rule 175. (Pet. App. 13-22).

Dethmers filed a petition for rehearing and a petition for rehearing en banc with the Federal Circuit, both of which were denied. Opinions dissenting from that denial focus on questioning the level of deference due to an examiner's application of the PTO's interpretation of its regulation to the undisputed facts of record.

REASONS FOR DENYING THE WRIT

Contrary to what Dethmers would have this Court believe, the resolution of this case does not turn on the

level of deference given by the court to the PTO's interpretation of its regulation, Rule 175. (Pet. 10). The courts below applied the interpretation of Rule 175 that originated in and had been consistently and uniformly applied over time by the PTO, and that had been adopted by the holdings of prior Federal Circuit decisions.

Neither does this case turn on the standard of review used by the court to review the actions of the patent examiner. (Pet. 17). Regardless of the review standard used by the court, the examiner did not follow Rule 175, the PTO's interpretation of that Rule, or the Federal Circuit's prior approval of that interpretation.

Dethmers argues that the PTO must be treated the same as other agencies, which means the Administrative Procedures Act ("APA") scope of review provisions apply,[3] but Dethmers fails to mention the APA in its brief. The Federal Circuit's review met those standards because it found the examiner's decision inconsistent with the regulation and not in accordance with law, and properly set aside the examiner's action by holding four of the ten claims invalid.[4]

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[3] 5 U.S.C. § 706.

[4] There are numerous other issues relating to the validity of the patent not presented below in the motion for summary judgment that will be argued at trial. Automatic does not agree that reissue was proper for any of the claims. And, regardless of whether this Court elects to address the questions presented by Dethmers, this case must still go to trial as resolution of those questions will not provide a final determination of the issues in this litigation.

I. This Court Should Deny the Petition for Grant of Certiorari Because the Substantive Outcome of this Case Does Not Stand or Fall on the Question of Deference to a Decision of the Patent Office.

The examiner did not correctly apply the existing PTO interpretation of the law relating to the content of reissue declarations. In reaching this decision, both the district court and the Federal Circuit considered the language of Rule 175 and the PTO's interpretation of the Rule. Extensive discussion regarding the PTO's interpretation of Rule 175 is found in *Nupla Corp. v. IXL Mfg. Co.*, 114 F.3d 191 (Fed. Cir. 1997) and *In re Constant*, 827 F.2d 728 (Fed. Cir. 1987), both of which affirmed and heavily quoted from the Manual of Patent Examining Procedure ("MPEP")[5] and the application of Rule 175 by the Board of Patent Appeals and Interferences ("Board").[6] These are the cases and the interpretation of Rule 175 that the courts below applied. (Pet. App. 7-8).

Dethmers argues that the decision of a single examiner is the official PTO interpretation of a regulation to which deference is due. While the examiner's decision is agency action in the broadest sense, this agency action is not the agency's interpretation of a regulation. As this Court has said, "[I]t is true that an agency's interpretation of a statute or regulation that conflicts with a prior

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[5] The MPEP is the interpretative guidance and instruction to examiners authored by the PTO. *See* note 8, *infra*, and accompanying text.

[6] This is the adjudicative branch of the PTO discussed in greater detail below.

interpretation is 'entitled to considerably less deference' than a consistently held agency view." *Thomas Jefferson Univ. v. Shalala*, 512 U.S. 504, 515 (1994), *quoting INS v. Cardoza-Fonesca*, 480 U.S. 412, 446 n.30 (1987) and *Watt v. Alaska*, 451 U.S. 259, 273 (1981).

The PTO's interpretation of the regulation at issue, Rule 175, is set forth in several sources, some of which are discussed below. As found by the courts below, the examiner's action was inconsistent with the PTO's interpretation of Rule 175 and not in accordance with law.

A. The Federal Circuit ensured that the correct legal standard was applied and did not substitute its judgment for that of the PTO.

Rule 175 required an oath or declaration filed by the inventor to ensure that the requirements of 35 U.S.C. § 251 are met. These statutory requirements include both error in conduct and error in the patent that are to be corrected. *Hewlett-Packard Co. v. Bausch & Lomb, Inc.*, 882 F.2d 1556, 1564 (Fed. Cir. 1989). Rule 175 specified that the applicant must, *inter alia*, file a statement under oath or declaration "distinctly specifying the excess or insufficiency in the claims," 37 C.F.R. § 1.175(a)(3), and "[p]articularly specifying the errors relied upon, and how they arose or occurred." 37 C.F.R. § 1.175(a)(5). Every departure from the original patent was considered an error under 35 U.S.C. § 251. MPEP § 1444 (6th ed. Rev. 2,

July 1996)[7] (*See* documents lodged with the Court, hereafter "Lodging," page L002).

Dethmers does not argue that it complied with this Rule, but rather argues that some departures from the original patent were not errors that required compliance with the Rule, Pet. App. 141, and that court review of the examiner's decision is "contrary to law" and "manifestly unfair." (Pet. 15). If that were true, then the examiner's decision would be unreviewable.

1. The PTO interpretation of Rule 175 instructed the patent examiner to apply the same rule of law applied by the courts below.

Section 1444 of the MPEP provided:

> The examiner must check that each and every change in the specification or claims is supported in either the original or supplemental oath or declaration. *Every departure from the original patent represents an "error" in said original patent under 35 U.S.C. 251 and must be particularly and distinctly specified and supported in the original, or a supplemental, reissue oath or declaration under 37 C.F.R. 1.175.* Any changes in the specification or claims require an updated supplemental oath or declaration specifically directed and supporting said changes under 37

[7] The 6th edition, Revision 2, issued July 1996, was the edition and revision in effect during the prosecution of the Reissue Patent. This MPEP provision has been changed and now has significantly different requirements.

> C.F.R. 1.175. *See In re Constant*, 827 F.2d 728, 729, 3 USPQ2d 1479, 1480 (Fed. Cir.), *cert. denied* 484 U.S. 894 (1987).

MPEP, § 1444, 6th ed., Rev. 2, July 1996. (Lodging page L002) (emphasis added). While the MPEP is not binding on courts, it is used for guidance and implements the PTO's interpretation of the rules and statutes governing the prosecution of patent applications.[8] *See, e.g., Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 158 note * (1989) (referring to the MPEP regarding what may be patentable). *See, also, Qualitex Co. v. Jacobson Products Co.*, 514 U.S. 159, 166, 172 (1995) (recognizing the Trademark Manual of Examining Procedure as setting forth policy of the Patent and Trademark Office relating to the prosecution of trademark applications).

The MPEP is the source of the language and interpretation of Rule 175 relied upon by both the district court and the Federal Circuit, and sets forth the interpretation

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[8] The MPEP is promulgated by the Commissioner for Patents to be the official interpretation of the Patent Office of the patent statutes and rules. *See, e.g., Molins PLC v. Quigg*, 837 F.2d 1064, 1067 (Fed. Cir. 1988). The MPEP provides:

> This Manual is published to provide U.S. Patent and Trademark Office patent examiners, applicants, attorneys, agents, and representatives of applicants with a reference work on the practices and procedures relative to the prosecution of patent applications before the U.S. Patent and Trademark Office. It contains instructions to examiners, as well as other material in the nature of information and interpretation, and outlines the current procedures which the examiners are required or authorized to follow in appropriate cases in the normal examination of a patent application.

Foreword to MPEP.

of the statute and Rule that the patent examiner is required to use. The PTO's express statutory interpretation stated that all departures from the original patent are errors and must be justified, and it cited the very case relied on by the courts below as controlling authority in the interpretation of the Rule. The PTO has consistently and uniformly identified the interpretation used by the courts below as the PTO's interpretation of the old Rule 175.[9]

Contrary to Dethmers' assertion that the courts below "adopted a stricter construction" of the Rule, Pet. 12, the courts below adopted the *identical* construction of the Rule consistently applied by the PTO. The individual examiner simply failed to follow the PTO's interpretation of Rule 175, and made a decision inconsistent with the regulation and not in accordance with law.

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[9] For example, publication of new Rule 175 included the statement that "the requirement in former § 1.175(a)(5) that it be shown *how the error(s) being relied upon arose or occurred without deceptive intent* on the part of the applicant ... is deleted" and "[t]he current practice under § 1.175(a)(3) and (a)(5) of *specifically identifying all errors* being corrected at the time of filing the initial oath or declaration is not retained." Changes to Patent Practice and Procedure, 62 Fed. Reg. 53131, 53165 (Oct. 10, 1997) (codified at 37 C.F.R. pt. 1, et al.) (emphasis added) (Lodging pages L004-L005). Also, the PTO issued a training package explaining the new Rule, stating that the "[r]eissue oath/dec (37 C.F.R. § 1.175) simplified: *only one error being corrected need be identified instead of all errors*[,] only a general statement as to lack of deceptive intent is required instead of a *detailed showing of facts as to how the errors arose or occurred.*" (emphasis added) (Lodging pages L006-L008, available from the PTO website at http://www.uspto.gov/web/offices/pac/dapp/opla/frule/index.html).

2. The Board of Patent Appeals and Interferences has consistently and uniformly applied an interpretation of Rule 175 identical to that articulated by the Federal Circuit.

The Board is established by statute and is composed of administrative patent judges who are to "review adverse decisions of examiners upon applications for patents . . . ." 35 U.S.C. § 6.[10] Generally, a third party may not invoke review by the Board.[11]

The Rule 175 interpretation consistently applied by the Board was identical to that applied by the courts below. And, at the time of the reissue application, the Board consistently cited the same cases as the courts below for the proper interpretation of old Rule 175.[12]

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[10] The Board also includes the Director, the Commissioner for Patents, and the Commissioner for Trademarks. 35 U.S.C. § 6(a). "The administrative patent judges shall be persons of competent legal knowledge and scientific ability who are appointed by the Director." *Id.*

[11] Board review may be initiated by a third party in limited circumstances, not applicable in the present case. 35 U.S.C. § 134.

[12] The following Board cases all cite *Constant* and *Nupla* for the proper interpretation of Rule 175. These cases are not citable for precedential value, but presented to show the application of the law by the PTO adjudicative body: *Ex parte Turner*, Appeal No. 97-0170, pp. 14-15 (Bd. Pat. App. & Int., Aug. 7, 1997) (entering *sua sponte* a rejection under Rule 175). (Lodging pages L009, L022-L023); *Ex parte Tachiuchi et al.*, Appeal No. 97-0574, pp. 11-16 (Bd Pat. App. & Int., June 9, 1997) (Lodging pages L031, L042-L045); *Ex parte Oetiker*, Appeal No. 96-4146, pp. 36-40 (Bd. Pat. App. & Int., Jan. 13, 1997) (Lodging pages L050, L085-L086); and *Ex parte Ballard*, Appeal No. 96-4038, pp. 5-9 (Bd. Pat. App. & Int.) (Lodging pages L114, L118-L119). Each of these decisions is available from the PTO website at http://www.uspto.gov/web/offices/dcom/bpai/bpai.htm

Had the reissue application been brought before the Board for any reason, the Board would have applied, even *sua sponte*, the identical interpretation of Rule 175 as that applied by the courts below and found the reissue declaration defective. *See Ex parte Turner*, Appeal No. 97-0170, pp. 14-15 (Bd. Pat. App. & Int., Aug. 7, 1997) (entering *sua sponte* a rejection under Rule 175 for failure of the declarations to specify and support all departures from the original patent, including replacing the word "within" with "between.") (Lodging page L022-L023).

3. The Commissioner requested the Federal Circuit to publish the *In re Constant* decision to establish the interpretation set forth therein as precedential to eliminate this very issue.

In *In re Constant*, the Federal Circuit quoted the MPEP for the official interpretation of the Rule applied by the Board, which required that "every departure from the original patent . . . must be particularly and distinctly specified and supported in the original, or a supplemental, reissue oath or declaration under [37 C.F.R.] § 1.175." *Constant*, 827 F.2d at 729, quoting MPEP § 1444.

The decision originally issued as an unpublished decision, not citable as precedent. (Lodging pages L130-L132). The Commissioner moved to have the opinion published to establish precedential value, which the Federal Circuit granted. (Lodging pages L126-L133). "The Commissioner anticipates that publication of this opinion would result in far greater compliance with PTO practice and, thus, fewer rejections. Publication would also tend to eliminate the issue in future appeals." (Lodging pages

L127-L128). After publication of this decision, the MPEP was amended to refer specifically to *Constant* as controlling authority.[13]

The decision in *Constant* was published expressly to eliminate the necessity of the courts below deciding, again, the proper interpretation and application of Rule 175. The issue in this case is the very same issue that the Commissioner tried to avoid by the publication of *Constant*.

4. The PTO counsel's current position on the application and enforcement of the old Rule is entitled to very little weight.

Dethmers attempts to make much from the PTO's amicus brief below by arguing that the PTO "recognized the importance of deferring to the PTO," Pet. 11-12, and "agrees" that the court should give "deference to the PTO's interpretation." (Pet. 13). Dethmers further asserts that "[s]uch deference is reinforced when, as here, agency counsel supports the action taken . . . ." (Pet. 12).

A position taken by agency counsel in litigation may or may not correctly reflect the actual agency position. "[A] litigating position cannot repeal an extant regulation. And in many situations there may be reason to doubt whether the position taken by a low-level agency litigator, or perhaps even by the general counsel, has the approval of the agency head." Antonin Scalia, *Judicial Deference to*

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[13] *See* section I.A(1), *supra*, quoting the relevant portion of the MPEP.

Administrative Interpretations of Law, 1989 Duke L.J. 511, 519 (1989). *See also Martin v. Occupational Health & Safety Review Comm'n*, 499 U.S. 149, 156 (1991) ("Our decisions indicate that agency 'litigating positions' are not entitled to deference when they are merely appellate counsel's 'post hoc rationalizations' for agency action."); *Bowen v. Georgetown Univ. Hospital*, 488 U.S. 204, 213 (1988) ("Deference to what appears to be nothing more than an agency's convenient litigating position [relating to agency interpretation of regulations] would be entirely inappropriate.").

Even if the position taken by the PTO counsel in its amicus brief below accurately reflects the current agency position, it is entitled to little deference because the present position is inconsistent with the prior interpretation consistently held by the PTO. *See, e.g., Thomas Jefferson Univ. v. Shalala*, 512 U.S. at 515; *INS v. Cardoza-Fonesca*, 480 U.S. at 446 n.30; *Watt v. Alaska*, 451 U.S. at 273.

B. The Administrative Procedures Act and the law of this Court provide that a court shall set aside an agency action found to be inconsistent with a regulation or not in accordance with law.

Dethmers argues that a court must defer to the PTO's interpretation of its own regulations, but does not urge that the agency review provisions in the APA at 5 U.S.C. § 706 should apply. Instead, Dethmers cites *Bowles v. Seminole Rock & Sand Co.*, 325 U.S. 410 (1945), and a string of cases purporting to support the proposition that complete deference be given to the examiner. These cases, for the most part, apply the APA to govern review of

agency decisions. Dethmers does not reference the APA because the decision of the Federal Circuit below is consistent with the agency review provisions of the APA.

The APA provides that:

> the reviewing court shall decide all relevant questions of law . . . and determine the meaning or applicability of the terms of an agency action. . . . The reviewing court shall
>
> * * *
>
> (2) hold unlawful and set aside agency action, findings, and conclusions found to be –
>
> (A) arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law.

5 U.S.C. § 706(2)(A). Thus, if an agency action is not in accordance with law, the court shall set it aside. That is exactly what the courts below did by holding four of the ten claims invalid.

Dethmers equates the examiner's action with the PTO's interpretation of the regulation and, thus, is entitled to complete deference. "However, courts do not simply rubber stamp agency interpretation of rules." KENNETH C. DAVIS & RICHARD J. PIERCE, Administrative Law Treatise § 6.10 at 282 (3d ed. 1994). Moreover, "many cases rejecting agency interpretation of legislative rules illustrate important reasons why courts *sometimes* refuse to adopt an agency's interpretation of its own rule." *Id.*, and cases cited therein (emphasis in original). And in *Anderson v. Edwards*, this Court interpreted an administrative rule without deference to the agency. *Anderson v. Edwards*, 514 U.S. 143, 157 n.7 (1995) ("Because we have independently reached the same conclusion [relating to an agency rule],

we have no occasion to decide whether we must defer to the agency's position.").

Dethmers' assertion that a court should give complete deference to the decision of a lower-level agency employee, the patent examiner, does not withstand scrutiny. Here there was no review by the PTO to determine whether the examiner followed the PTO's interpretation of Rule 175. The courts below applied the same interpretation consistently and uniformly applied by the PTO, and found the examiner's action for four of the ten claims not in accordance with law and set aside that action. This is consistent with the APA scope of review.

The cases cited by Dethmers center around this Court's decision in *Seminole Rock* and other cases that reviewed findings of fact or the validity of a regulation or presented other review issues different from the present case. These court reviews almost always occurred after substantial agency review of the issue, and do not address application of a regulation by an agency employee that is inconsistent with the agency's interpretation of a regulation. They do not stand for complete deference to an agency decision, as proposed by Dethmers, but recognize that if the agency action is "plainly erroneous" or "inconsistent with the regulation," then the agency action is not to be given deference. The Federal Circuit found that the examiner's decision in this case was plainly erroneous and inconsistent with the regulation, as interpreted and applied by the PTO.

This Court recently stated that APA review standards in 5 U.S.C. § 706 apply when the Federal Circuit reviews findings of fact by the PTO. *Dickinson v. Zurko*, 527 U.S. 150, 152 (1999). In *Zurko*, the examiner rejected a patent

application in light of a factual finding related to prior art. The applicant appealed to the Board, which upheld the rejection, and to the Federal Circuit, which treated the determination as one of fact. *Id.* at 153.

The present case is distinguishable from *Zurko*. Here, there are no factual findings under review, there was no review of the examiner's decision by the Board, and the court review was not initiated by the patent applicant. Unlike in *Zurko*, the party adversely affected by the examiner's action, Automatic, is a third party against whom Dethmers is asserting the patent and had no opportunity for agency review of the examiner's action. Furthermore, the courts below found that the examiner's decision was not in accordance with law. Therefore, under § 706(2)(a), the court is required ("shall") to set aside the agency action.

If the Board had reviewed the examiner's decision, there would at least be a discussion of that decision for court review. The examiner provided no discussion or comment relating to the acceptance of the substitute declaration, so there is nothing to review but the decision itself. Even Dethmers admits that the declaration itself needs no interpretation or outside evidence, but stands or falls on its face. *See* note 2, *supra*. Consequently, the courts below could only evaluate the declaration on its face using the precedential interpretations of Rule 175.

One of the cases cited in the Petition directly supports court review of the application of the rules by the examiner. In *United States ex rel. Steinmetz v. Allen*, this Court found that "the primary examiner did not follow the rules" relating to the "procedure on appeal" of an adverse decision to the examiners-in-chief (the Board), and directed

the lower court to issue a writ of mandamus to compel the examiner to comply with the rules. *United States ex rel. Steinmetz v. Allen,* 192 U.S. 543, 564, 566 (1904). The rule that the examiner failed to comply with in *Steinmetz* was a purely procedural rule. In the present case, the examiner also failed to follow a rule, and the courts below, like the Court in *Allen*, corrected the failure.

The Federal Circuit stated that the standard of review applied in this case was a de novo standard, following the decisions in *Nupla* and *Constant*. (Pet. App. 8). What the Federal Circuit failed to articulate was that the interpretation of the Rule applied by the court was *identical to* that expressly adopted and uniformly applied by the PTO itself, as detailed above. The Federal Circuit merely reviewed the decision of a single examiner under one set of undisputed facts, and ensured the PTO's express interpretation of its own regulation was properly applied. By setting aside the examiner's action for four of the claims, the Federal Circuit's decision comports with the precedent of this Court and the APA judicial review provisions.

II. The Court Decisions Below Did Not Ignore the Presumption of Validity of an Issued Patent, But Found That the Presumption was Overcome by Clear and Convincing Evidence.

Dethmers incorrectly asserts that the decisions below ignore and have "eviscerated the presumption of validity" due to an issued patent. (Pet. 13). On the contrary, the district court was "mindful of the drastic effect of such a conclusion [of invalidity] and the heavy burden required for proof of invalidity," Pet. App. 142, and knew that "[i]n deciding a motion for summary judgment of invalidity the heightened burden of proof of clear and convincing

evidence must be considered." (Pet. App. 113, citations omitted). After reviewing each individual claim to determine if the district court's determination was correct, the Federal Circuit held that such heavy burden was met in affirming four of the ten claims as invalid.

Dethmers also asserts that the Federal Circuit found claims invalid "that would otherwise be valid under § 251" and that such decision is "inconsistent with law." (Pet. 15; Question 1). Neither the district court nor the Federal Court stated that the claims would otherwise be valid except for the present decision. The district court found, and the Federal Circuit agreed, that Automatic was not entitled to summary judgment of invalidity of the Reissue Patent on some questions related to the statutory requirements under § 251 because there exist genuine issues of material fact. (Pet. App. 144). It is an inversion of logic to parlay that finding into a statement that all of the claims of the patent would "otherwise be valid under § 251." (Pet. 15).

Section 251 requires, *inter alia*, a patent to have "*error without any deceptive intent*" in order for a reissue patent to be available. 35 U.S.C. § 251 (emphasis added). The Federal Circuit found that claims 4 through 7 failed to meet these statutory requirements.

For example, the Federal Circuit found that there is no specification of the error in claim 4 and no indication "that the error arose *without deceptive intent*." (Pet. App. 17) (emphasis added). Thus, claim 4 does not satisfy the statutory requirement of "error without any deceptive intent." The reissue declaration states that there "is no substantive difference in scope" between claim 5 and original claim 1. (Pet. App. 17). The statute requires an

error to correct and claim 5 does not identify or correct any error. (Pet. App. 18). The reissue declaration "does not state that the error arose without deceptive intent" in relation to claim 6. (Pet. App. 19). Thus, the statutory requirement of "without deceptive intent" was not met for this claim. So, notwithstanding Dethmers' argument that the court below "inverts the hierarchy between regulations and statutes," Pet. 14, and that the patent "would otherwise be valid under § 251," Pet. 15, the Federal Circuit found otherwise.

III. The Issues in this Case Are of Extremely Limited Applicability and Are Not Likely to Have Broad Impact.

The substantive issue in this case relates to the compliance of Dethmers with the old version of Rule 175. (Pet. App. 6-7). The current version of the Rule, which became effective December 1, 1997, is significantly more liberal than the version at issue in this case. (Pet. App. 7 n.1). The substantive resolution of this case, therefore, will affect, at most, those reissue patents issued before December 1, 1997, that have not expired.[14]

Dethmers attempts to convince this Court that the Federal Circuit decision below has already been relied upon by courts for refusal to defer to the PTO, and cites two cases purporting to rely on the decision below. (Pet. 17-19). Dethmers mistakenly asserts that "based on the

[14] Patents, generally, expire 20 years after the date on which the earliest application from which the patent claims priority was filed. 35 U.S.C. § 154.

holding of the present case," "the Federal Circuit failed to give deference to the PTO's interpretation of" an interference rule in the case of *In re McDaniel*, 293 F.3d 1379 (Fed. Cir. 2002). (Pet. 17-18).

That case does not deal with interference practice at all, but was a review of a Board decision after an examiner's rejection of several claims for obviousness and anticipation (35 U.S.C. §§ 102, 103). There was no interference rule interpreted, or even mentioned, by the PTO or the court.[15] Moreover, as correctly noted by Dethmers, the original opinion had no reference to the decision below, and an errata sheet was issued to add that reference. Dethmers flatly misstates, however, that "it appeared that the Federal Circuit was giving deference to PTO interpretations of its own rules in direct review cases." (Pet. 18 n.2).

The addition of the reference to the decision below *did not change* the analysis or the holding of the court, which was *not* based on the decision here below, that states "[b]ecause the Board's interpretation ignores the requirement in the text of the regulation . . . the Board's interpretation was both plainly erroneous and inconsistent with the regulation. The Board's disposition of claims 55-57 was, thus, 'not in accordance with law,' *5 U.S.C. § 706,* and is hereby vacated." *McDaniel*, 293 F.3d at 1385. The court's holding in *McDaniel* cites and applies *Seminole Rock* and

[15] The rule at issue in *McDaniel* related to the selection by the Board of a representative claim for each ground of rejection upon which to decide the appeal. The Board improperly interpreted the rule to allow selection of a single claim to represent claims not subject to a common ground of rejection.

the APA, and is consistent with decisions from this Court as well as the decision here below, because the *McDaniel* court found the PTO decision "plainly erroneous," "inconsistent with the regulation," and "not in accordance with the law."

In the other case cited by Dethmers, the PTO expressly declined to reach the issue to which Dethmers asserts no deference was given. "Indeed, the PTO expressly declined to reach this issue [regarding accepting a supplemental reissue declaration after issuance as a cure for a Rule 175 violation]. . . . As a result, the PTO *has not issued a decision* on cure that is entitled to deference, even if such deference is required." *Chamberlain Group, Inc. v. Interlogix, Inc.*, 2002 U.S. Dist. LEXIS 16160, *6-7 (Fed. Cir. Aug. 28, 2002) (emphasis added). So there was no PTO decision to which deference could be given.

Moreover, the dire consequences asserted by Dethmers that this decision "creates a serious anomaly in patent law," Pet. 11, "casts a shadow over the validity of every issued patent," Pet. 14, and "patentees and the public are left to guess what interpretation the court will use," Pet. 14, are unfounded. The courts below applied the same interpretation of the regulations as has been applied by the PTO since at least 1987.

Contrary to Dethmers' assertion that this decision was made "without giving any weight to the PTO's interpretation," Pet. 14, it provides just the kind of "certainty and predictability" that Dethmers asserts is "vital to the protection of intellectual property," Pet. 14, because it applies the same interpretation of Rule 175 that had been repeatedly and uniformly applied by the PTO. If an applicant is not required to comply with the regulations, then

the patent process will be exposed to the uncertainty and unpredictability that Dethmers claims casts a shadow over patent validity and leaves the public to guess regarding patent validity.

The substantive issues of this case only affect unexpired reissue patents issued before December 1, 1997, an extremely small number. Consequently, there is no "shadow" relating to "every issued patent." There is little reason for this Court to take up an issue having such narrow reach and limited applicability.

IV. The Documents Lodged With the Court by Automatic Are Those of Which Judicial Notice May Properly Be Taken.

For the convenience of the Court, Automatic has lodged with the Court several of the documents referenced above, all of which are appropriate for judicial notice. The Court may take judicial notice of the records of the government. "A judicially noticed fact must be one not subject to reasonable dispute in that it is . . . capable of accurate and ready determination by resort to sources whose accuracy cannot reasonably be questioned." Fed. R. Evid. 201(b). *See Massachusetts v. Westcott*, 431 U.S. 322, 323 n.2 (1977) (extending judicial notice to records of the Coast Guard); *Roemer et al. v. Board of Public Works of Maryland*, 426 U.S. 736 (1976) (judicial notice of the rules and regulations of the Board of Public Works); *United States v. Penn Foundry & Mfg. Co., Inc.*, 337 U.S. 198, 216 (1949) (stating that "reports, rules and regulations of agencies" are entitled to judicial notice); *Bowles v. United States*, 319 U.S. 33 (1943).

The documents lodged with the Court that are referenced above include copies of MPEP § 1444, the Federal Register notice, PTO training slides for implementation of new Rule 175, the unpublished Board decisions, and the motion filed by the Commissioner for publication of the *In re Constant* decision. These are all appropriate for judicial notice according to the standards of this Court.

CONCLUSION

For the reasons and authorities stated above, Automatic submits that the Petition for Writ of Certiorari should be denied.

Respectfully submitted,

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In The

Supreme Court of the United States

DETHMERS MANUFACTURING COMPANY, INC.,

Petitioner,

v.

AUTOMATIC EQUIPMENT MFG. CO.,

Respondent.

On Petition For Writ Of Certiorari To The United States Court Of Appeals For The Federal Circuit

PETITIONER'S REPLY TO BRIEF IN OPPOSITION

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RULE 29.6 STATEMENT

The Petitioner is Dethmers Manufacturing Company, Inc. Petitioner does not have a parent corporation. There are no parent or publicly held companies owning ten percent (10%) or more of the Petitioner's stock.

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PETITIONER'S REPLY TO BRIEF IN OPPOSITION

Automatic largely ignores the first question presented and only raises arguments that miss the point with respect to the second question. As a result, the fact that these are important and recurring questions which merit review now remains unchallenged.

I. THE FIRST QUESTION PRESENTED

At the heart of the first question presented is the issue of whether it is appropriate to declare claims of an issued patent invalid based on a failure to comply with a PTO procedural rule during the application process. Automatic has not presented any serious arguments that it is appropriate. Instead, Automatic attempts to cloud and confuse this issue by arguing that the APA authorizes such a remedy, and by attempting to twist the panel decision's language into a finding that the patent did not satisfy statutory requirements for patentability.

A. Automatic's arguments relating to the APA are not relevant to the questions presented.

Automatic argues that § 706 of the APA should apply in this case. (Opp. Br. 14-16). That may be true, but it is not relevant to the questions presented. The agency determination under review is whether the application complied with former PTO Rule 175. Assuming § 706 actually authorizes a reviewing court to set aside that determination (which Dethmers does not concede), it does not follow that the claims of the reissue patent would be invalid. Setting aside the examiner's determination regarding Rule 175 would merely establish that the application did not comply with Rule 175, not that the claims of the patent are invalid. This argument by Automatic simply begs the first question presented.

Furthermore, Automatic has misstated or misapprehended the meaning of § 706(2)(A). The standard of review

contemplated by that provision is not de novo. Instead, it is a very deferential standard that presumes the validity of an agency action and will only overturn such agency action if it is arbitrary and capricious. *Bowman Transport v. Ark.-Best Freight Sys.*, 419 U.S. 281, 285 (1974) ("Under the 'arbitrary and capricious' standard the scope of review is a narrow one. . . . 'The court is not empowered to substitute its judgment for that of the agency.' *Citizens to Preserve Overton Park v. Volpe*, [401 U.S. 402 (1971)], at 416.").

B. The Federal Circuit finding of invalidity for claims 4-7 was solely based on a perceived failure to comply with Rule 175 and not on any failure to satisfy the statutory requirements for patent.

Automatic argues that the Federal Circuit finding of invalidity for claims 4 through 7 was based on the statutory requirements of 35 U.S.C. § 251, rather than merely on failure to comply with Rule 175. (Opp. Br. 19-20). Specifically, Automatic argues that the Federal Circuit found that the claims failed to satisfy the "error without any deceptive intent" requirement of § 251. (Opp. Br. 19). Review of the panel opinion, however, clearly demonstrates that the holding of invalidity was based solely on failure to comply with Rule 175 and not at all on a failure to comply with the statutory requirements for reissue.

At the beginning of its legal analysis of the case, the Federal Circuit said: "the issue before us is a pure question of law: whether the substitute reissue declaration satisfies the requirements of Rule 175." (App. 6). With respect to claim 4, Automatic quotes the Federal Circuit as saying that there was no "indication 'that the error arose without deceptive intent.'" (Opp. Br. 19). The full quote from the Federal Circuit on that issue, however, is "that statement [in the substitute declaration] is not sufficient *to satisfy Rule 175* because it does not . . . *state that* the error arose without deceptive intent." (App. 17 (emphasis

added)). Therefore, it is clear that the Federal Circuit was not relying on any statutory failure regarding a lack of deceptive intent, but instead was relying entirely on its view that the statement thereof was insufficient under its interpretation of Rule 175. The court's analysis is similar with respect to claims 5, 6, and 7. (App. 17, 19, 20-21).

This reading is confirmed by the panel decision itself, which specifically said that it was rejecting the argument that a patent could not be invalidated for failure to comply with Rule 175. (App. 21). It is further confirmed by the dissent from denial of rehearing en banc, joined by six of the twelve Federal Circuit judges, which noted that "the panel decision invalidates certain reissue claims, not based on any of the statutory grounds of patentability recited in 35 U.S.C. §§ 101, 102, 103 or 112, nor on any requirement of 35 U.S.C. § 251, but on the application by the United States Patent and Trademark Office ("PTO") of its own procedural rule specifying the content of a reissue oath or declaration." (App. 194).

Automatic attempts to muddy the issues presented by arguing that the Federal Circuit has not in fact affirmatively found that the reissue patent complies with 35 U.S.C. § 251. (Opp. Br. 19). What is clear, however, is that the Federal Circuit based its finding invalidity solely on the failure to comply with Rule 175, and not on any failure to comply with § 251 of the statute. (App. 6, 9, 16-22). Patents are presumed valid (35 U.S.C. § 282), and the Federal Circuit explicitly rejected all the theories under which Automatic asserted the claims to be invalid under § 251. (App. 21-22 ("we agree with the District Court that Automatic's arguments regarding the nature of the errors corrected in the reissue patent and the lack of identity of invention between the reissue claims and the original patent claims do not withstand scrutiny.")). Whether or not that is characterized as a finding that the application complies with § 251 is not important, because the Federal Circuit's finding of invalidity was based solely on Rule 175

and not at all on non-compliance with the statutory provisions.

Automatic also cites to the case of *United States ex rel. Steinmetz v. Allen*, 192 U.S. 543 (1904), apparently for the proposition that it is appropriate for a court to correct a failure by a patent examiner to follow patent rules. (Opp. Br. 17-18). The important distinction between the *Steinmetz* case and the present case is that *Steinmetz* involved a pending application. *See* 192 U.S. at 543-47 (1904). Naturally, a court can require a patent examiner to comply with PTO regulations with respect to a pending patent application. This does not imply that an issued patent can be declared invalid because of a perceived failure to comply with PTO procedural rules, nor does it imply that the reviewing court should interpret the regulation in question de novo without any deference to the PTO.[1]

II. THE SECOND QUESTION PRESENTED

Automatic spends much of its Opposition Brief arguing about the PTO's actual interpretation of Rule 175. That argument misses the point of the second question. The question is not how the PTO has interpreted the regulation, but rather, should a reviewing court defer to that interpretation, whatever it is.

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[1] The *Steinmetz* case is an excellent example of the hierarchy between statutes and regulations. When *Steinmetz* was decided, the PTO had a rule that patents could not contain claims directed to both an apparatus and a method of using the apparatus. The applicant in the *Steinmetz* case had submitted an application that contained claims directed to a Watt meter and a method of using the Watt meter. The patent examiner had refused to accept the application based on the PTO rule. This Court struck down that rule as not being in compliance with the statute. In crafting the remedy for the inappropriate rule, the Court required the PTO to treat the application consistent with PTO procedural rules related to rejected claims.

A. The PTO's interpretation of Rule 175 in the present case is consistent with the interpretation in the MPEP and *In re Constant*.

To begin with, the PTO's interpretation of Rule 175 in the present case is in fact consistent with the interpretation set forth in the MPEP and the *In re Constant* case. The purpose behind having the *In re Constant* case published was to publicize that the PTO was requiring every error being corrected to be supported by a specification, and was not permitting blanket or general statements of error to be accepted. (L 127). While the PTO may have wanted a more definitive standard to be published so that the bar was aware of how the PTO was handling reissue declarations, the *Constant* case did not speak to how to apply that more definitive standard. *See In re Constant*, 827 F.3d 728, 729 (Fed. Cir. 1987).

In the *Constant* and *Nupla* cases, the applicant had completely failed to mention an entire category or categories of changes made to the claims in the declaration. That is not the issue in the present case. The issue here is whether the statements relating to the changes made to the claims contain enough specificity to satisfy the rule, not whether the applicant in the present case completely failed to mention entire categories of errors being corrected. As outlined by Judge Dyk in his dissent to the panel opinion, the PTO interpreted the regulation here to require a reasonable specification of the errors and changes made to the claims; in contrast, the panel majority required a nearly perfect correspondence between the reissue declaration and the changes made. (App. 31). Judge Dyk's analysis of how and why the declaration satisfied Rule 175 (App. 31-33) is entirely consistent with the interpretation of Rule 175 set forth in the MPEP and in the *Constant* and *Nupla* cases, since none of those sources speak to the interpretation issue faced by the examiner in the present case, which was how strictly to require specification of the error and of how the error arose.

Automatic also references several cases from the Board of Patent Appeals and Interferences that are not citable as precedential cases. (Opp. Br. 11). All of the cases relate to pending applications instead of issued patents; therefore, none of the cases addresses the issue of whether it is appropriate to declare claims in an issued patent invalid for failure to comply with Rule 175. Furthermore, none of them addresses the interpretation issue presented in the present case. Those cases deal with whether every departure from the original claims must be particularly and distinctly specified and supported in the oath or declaration. The interpretation in the present case goes beyond that and concerns what constitutes a sufficiently particular and distinct specification.

B. The PTO's interpretation of Rule 175 in its amicus filings is entitled to deference.

Automatic also argues that the interpretation of the PTO rule urged by the general counsel and solicitor for the PTO in their amicus filings with the Federal Circuit is entitled to very little weight because it was offered in the course of litigation. (Opp. Br. 13-14). This Court, however, has recognized that it is appropriate to defer to the interpretation of an agency set forth in an amicus brief. *Auer v. Robbins*, 519 U.S. 452, 462 (1997).

The cases cited by Automatic for the proposition that positions taken by agencies during litigation should be entitled to little weight are all cases where the agency was a party to the litigation. In that instance, the agency may have motivation to adopt a post hoc interpretation of the regulation that suits its purpose for the particular case. Here, however, the PTO is not a litigant, and the concern

about "convenient" litigation positions envisioned by the cited cases does not apply.[2]

III. THIS IS THE APPROPRIATE CASE TO RESOLVE THE QUESTIONS PRESENTED

Automatic's argument that "the resolution of this case does not turn on the level of deference given by the court to the PTO's interpretation of its regulation," (Opp. Br. 4-5) is demonstrably incorrect. As Judge Dyk forcefully demonstrated in his panel dissent, the resolution of this case turns directly on the level of deference given to the PTO's interpretation of its regulation. (App. 30-33). Unlike many cases where it is difficult to tell whether the level of deference is outcome determinative, in this case it is clear that the failure to give deference to the PTO resulted in a different outcome than if due deference had been given.

Automatic asserts that the "substantive issues of this case only affect unexpired reissue patents issued before December 1, 1997." (Opp. Br. 23). Once again, it is clear that that is not true. As six judges of the Federal Circuit explicitly noted:

> Although this issue arises in the context of a reissue regulation that has been changed, 37 C.F.R. § 1.175 (1996), the significance of this case is unaffected. The issue is not how the regulation should be construed, but rather the standard of deference due to the PTO's interpretation of the regulation.

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[2] Automatic suggests that the amicus position taken by the PTO in the Federal Circuit may not correctly reflect the actual agency position or have the approval of the agency head. (Opp. Br. 13). If the Court has any doubt as to whether the views expressed in the amicus filings with the Federal Circuit accurately reflect the position of the PTO, it would certainly be appropriate to invite the Solicitor General to file a brief on behalf of the PTO making clear the PTO's position.

(App. 197). Furthermore, those same six judges found that "[r]esolution of the deference issue, as the PTO has urged, is of 'exceptional importance.'" (App. 198). Similarly, Automatic attributes the assertion that the panel decision below creates "a serious anomaly in the patent law" merely to Dethmers (Opp. Br. 22), when it was in fact the six dissenting judges of the Federal Circuit who made that assertion. (App. 197).

Automatic takes issue with Dethmers' citation of the *Chamberlain Group, Inc. v. Interlogix, Inc.* cases. (Opp. Br. 22). There are two Chamberlain opinions: a decision on the merits (2002 WL 1263984 (N.D. Ill. June 3, 2002)), and a later decision on a request for reconsideration (2002 WL 1998292 (N.D. Ill. Aug. 28, 2002)). Although Dethmers' primary citation is to the decision on the merits (Pet. 18-19); Automatic's comments are directed to the decision on the request for reconsideration. In the decision on the merits, the court cited the Federal Circuit's *Dethmers* panel decision for the proposition that the court should determine compliance with new Rule 175 de novo, without any deference to the PTO's determination that the declaration in fact complied with the regulation, and as controlling authority for the proposition that the appropriate remedy for a failure of the declaration to comply with new Rule 175 is to invalidate the claims of the patent. *Chamberlain Group, Inc. v. Interlogix, Inc.*, 2002 WL 1263984 at *2 (N.D. Ill. June 3, 2002). The decision on the request for reconsideration did not alter the holding of the merits decision. 2002 WL 1998292 at *2. *Chamberlain* is thus an example of a case where a district court, in reliance on the Federal Circuit's decision in this case, refused to give deference to the PTO's finding that a declaration complied with its new regulation, and invalidated a patent for failure to comply with that regulation.

Similarly, Automatic disparages Dethmers' citation to the *In re McDaniel* case as an example of how the issues in this case are not limited to reissue patents issued before December 1, 1997. (Opp. Br. 21-22). Automatic makes

much of the fact that Dethmers originally characterized the rule at issue in *McDaniel* as an interference rule, when in fact the rule relates to appeals from a rejection of pending claims. (Opp. Br. 21). Whether it involved an interference rule or simply a rule related to appealed rejections, however, is of no importance. What is important is that the rule at issue in *McDaniel*, like the rule at issue in the present case, is a procedural rule of the PTO, and the Federal Circuit cited to the panel decision in this case for the proposition that refusing to give deference to the PTO's interpretation of the rule was appropriate "under the rule in *Dethmers*." *In re McDaniel*, 293 F.3d 1379, 1385 (Fed. Cir. 2002).

Automatic claims that "Dethmers does not argue that it complied with this rule, but rather argues that some departures from the original patent were not errors that required compliance with the rule." (Opp. Br. 8). This is simply not true. Dethmers' position has consistently been that it complied with Rule 175. Dethmers did argue that some of the small changes made to the patent, in particular changes to the drawings, did not need to be supported by the declaration. The District Court did not agree with Dethmers on this issue, and cited a failure to specify the defects in the drawings as a ground for finding the patent invalid. (App. 142). The Federal Circuit, however, agreed with Dethmers that the changes to the drawings did not need to be explained in the reissue declaration, and that this was not an appropriate ground to find the claims of the reissue patent invalid. (App. 13).

Automatic also argues that Dethmers' position, if accepted, would mean that examiners' conclusions are "unreviewable." (Opp. Br. 8). The substantial deference standard urged by Dethmers, and outlined in numerous decisions of this Court, however, is not an absolute deference standard. It permits a reviewing court to disregard an agency interpretation that is "plainly erroneous" or unreasonable. *See, e.g.*, *Auer v. Robbins*, 519 U.S. at 461 (1997) (agency's interpretation controlling unless "plainly

erroneous or inconsistent with the regulation."); *Shalala v. Gurnsey Mem'l Hosp.*, 514 U.S. 87, 94-95 (1995) ("It is a reasonable regulatory interpretation, and we must defer to it."). Furthermore, to the extent the examiner's decision to issue a patent involves a determination of statutory compliance, that decision is reviewable de novo; on the other hand, an examiner's decision as to compliance with a PTO procedural rule should not be reviewable after a patent issues. After the patent issues, the measure of whether the statutory requirements for patentability have been met should be the statute itself, and not whether the PTO followed its own rules in arriving at the correct conclusion that the statutory requirements were met.

The Court should grant the petition for a writ of certiorari.

Respectfully submitted,

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In the Supreme Court of the United States

DETHMERS MANUFACTURING COMPANY, INC.,
PETITIONER

v.

AUTOMATIC EQUIPMENT MANUFACTURING COMPANY

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

BRIEF FOR THE UNITED STATES AS AMICUS CURIAE

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QUESTIONS PRESENTED

1. Whether a court may declare a patent claim approved by the United States Patent and Trademark Office (PTO) invalid based solely on a judicial finding that the applicant failed, during the patent-application process, to comply with a procedural regulation of the PTO.

2. If so, whether the PTO's determination that the applicant complied with PTO procedural regulations is entitled to judicial deference.

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In the Supreme Court of the United States

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DETHMERS MANUFACTURING COMPANY, INC.,
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v.

AUTOMATIC EQUIPMENT MANUFACTURING COMPANY

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

BRIEF FOR THE UNITED STATES AS AMICUS CURIAE

This brief is submitted in response to the Court's order inviting the Solicitor General to express the views of the United States.

STATEMENT

Petitioner seeks review of a decision of the United States Court of Appeals for the Federal Circuit that implicates important and recurring issues about the validity of patents issued by the United States Patent and Trademark Office (PTO), and whether courts should defer to the PTO's applications of its own procedural regulations. The decision of the court of appeals is incorrect, but it appears to involve only a limited departure from that court's generally correct

approach to similar issues. Moreover, the PTO has revised the particular administrative regulation that is at issue in this case. Because it is not yet clear whether the errors of the court of appeals will have significance beyond the narrow factual context presented in this case, review by this Court is unwarranted.

1. The Patent Act, 35 U.S.C. 251, authorizes the Director of the PTO to grant applications for the reissuance of patents, in order to correct errors that otherwise would render original patents wholly or partly inoperative or invalid. Patents are reissued "by reason of a defective specification or drawing" in the original patent application, "or by reason of the patentee claiming more or less than he had a right to claim in the patent." Reissuance is not available, however, if the errors sought to be corrected were made with a "deceptive intention." A reissue patent provides the patent holder protection for the remaining part of the term of the original patent. 35 U.S.C. 251.

To obtain reissuance of a patent, the patent holder must file a reissue application within two years of the grant of the original patent, and surrender (or offer to surrender) the original patent. 35 U.S.C. 251; see 37 C.F.R. 1.178. Reissue patents "have the same effect and operation in law, on the trial of actions for causes thereafter arising, as if the same had been originally granted in such amended form." 35 U.S.C. 252. Therefore, a reissue patent is vested with the statutory presumption of validity that applies to all issued patents. See 35 U.S.C. 282; *Westvaco Corp.* v. *International Paper Co.*, 991 F.2d 735, 745 (Fed. Cir. 1993).

The patent laws do not require an applicant for a reissue patent to file a supporting declaration other than the standard declaration that must be filed with any patent application under 35 U.S.C. 111(a)(2)(C) and

115. However, pursuant to its authority under 35 U.S.C. 2(b) to establish procedural regulations, the PTO has established rules governing reissue applications.[1] See 37 C.F.R. 1.171-1.179. During the relevant time period in this case, PTO Rule 175 (37 C.F.R. 1.175 (1996)) required a reissue applicant to file, with the reissue application, a declaration "particularly" or "distinctly" specifying each of the alleged defects or errors in the original patent and stating that they occurred without deceptive intent. 37 C.F.R. 1.175(a) (1996); see 37 C.F.R. 1.171 (1996) (reissue application must comply with requirements of rule). The PTO's regulations further provided (and continue to provide) that any requirement of the rules that is not required by statute may be waived or suspended in an extraordinary situation, when justice requires. 37 C.F.R. 1.183.

In 1997, the PTO revised Rule 175. See *Changes to Patent Practice and Procedure*, 62 Fed. Reg. 53,132, 53,165-53,166, 53,196 (1997). Most importantly, whereas the rule formerly required the reissue applicant to specify with particularity every alleged error in the original patent, the current rule requires that the applicant must state in the reissue declaration "at least one error being relied upon as the basis for reissue." 37 C.F.R. 1.175(a)(1).

2. In August 1993, the PTO issued a patent, later acquired by petitioner, for collapsible and removable hitches for towing vehicles. Pet. App. 3, 39. The patented tow-hitch would be used, for example, to tow a car behind a motor home. *Id.* at 3. In March 1995, petitioner applied for reissuance of the original tow-hitch

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[1] Similar rulemaking authority previously was vested in the Commissioner of Patents and Trademarks, acting with the approval of the Secretary of Commerce. See 35 U.S.C. 6(a) (1994).

patent. Petitioner asserted in its reissue application that the original patent application was unnecessarily narrow, and that the error was made without deceptive intent. *Id.* at 3, 57. In December 1995, a patent examiner rejected the reissue application because petitioner's supporting declaration did not provide the detailed information then required by Rule 175 (which had not yet been revised by the PTO). Pet. App. 3-4, 136. Petitioner filed a substitute declaration, which the examiner accepted as the basis for granting the reissue patent in March 1997. *Id.* at 4, 137-140.

3. In June 1996, while its reissue application was pending, petitioner sued respondent in the United States District Court for the Northern District of Iowa, seeking a declaratory ruling that it was not infringing a tow-hitch patent owned by respondent, and declaratory, injunctive, and damages relief for respondent's alleged infringement of a patent owned by petitioner. Pet. App. 38. In November 1997, after the PTO issued the reissue patent to petitioner, petitioner filed an amended complaint that sought a declaratory judgment of non-infringement of respondent's tow-hitch patent, and declaratory, injunctive, and damages relief for respondent's alleged infringement of petitioner's newly reissued patent. *Id.* at 38-39. Petitioner also brought contract, tort, and other claims against respondent, see *id.* at 39, which are not relevant to the instant petition for a writ of certiorari.

In defending against the patent-infringement claim, respondent filed a motion for summary judgment in which it asserted that petitioner's reissue patent was invalid for failure to comply with the requirements of the reissue statute, 35 U.S.C. 251. See Pet. App. 4, 41. Respondent also claimed that petitioner's substituted reissue declaration was fatally defective under former

PTO Rule 175 because the declaration did not detail particularly and specifically each alteration to, or departure from, the claims in the original patent. See *id.* at 4-5, 41.

The district court denied respondent's motion for summary judgment insofar as respondent contested the validity of the reissue patent under 35 U.S.C. 251. Pet. App. 114-130, 188. Nevertheless, the court granted summary judgment for respondent on its claim that the reissue patent was invalid for noncompliance with former Rule 175. Pet. App. 130-144, 188. The district court relied on *Nupla Corp.* v. *IXL Manufacturing Co.*, 114 F.3d 191 (1997), in which the Federal Circuit held that a reissue patent was invalid because the applicant failed to submit a declaration that complied with Rule 175, as the rule had been construed in *In re Constant*, 827 F.2d 728 (Fed. Cir.), cert. denied, 484 U.S. 894 (1997). See *Nupla*, 114 F.3d at 192-196. The district court explained that the Federal Circuit's decisions in *Nupla* and *Constant* "require[] strict compliance with the regulations, which in turn strictly require that '[e]very departure from the original patent . . . must be particularly and distinctly specified and supported in the original, or a supplemental, reissue oath or declaration.'" Pet. App. 133 (quoting 37 C.F.R. 1.175 (1996)). The district court acknowledged "the drastic effect" of declaring petitioner's reissue patent invalid, and noted "the heavy burden required for proof of invalidity." *Id.* at 142; see *Nupla*, 114 F.3d at 192-193 ("Patents have a statutory presumption of validity [under 35 U.S.C. 282], which can only be overcome by clear and convincing evidence [of invalidity]."). However, the district court deemed its determination of patent invalidity to be "dictated by the *Nupla* and *Constant* line of cases." Pet. App. 143.

In November 1999, pursuant to Federal Rule of Civil Procedure 54(b), the district court entered final judgment on the patent and patent-related claims (including respondents' claim of invalidity based on a failure to comply with former Rule 175). Pet. App. 190-191; see 189 F.R.D. 526 (N.D. Iowa 1999).

4. A divided panel of the United States Court of Appeals for the Federal Circuit—which has exclusive appellate jurisdiction under 28 U.S.C. 1295(a)(1)—affirmed, in part, the grant of summary judgment for respondent on the patent-invalidity issue. Pet. App. 1-33. The panel majority concluded that *Nupla* and *Constant* require a *de novo* determination whether petitioner's substituted reissue declaration satisfied Rule 175, "without deference to previous administrative determinations." *Id.* at 8 & n.2. Disagreeing with the patent examiner's determination that the substituted reissue declaration satisfied Rule 175, but also with the district court's determination that the reissue patent is entirely invalid, the court of appeals concluded that noncompliance with Rule 175 rendered four of petitioner's ten distinct reissue claims invalid. *Id.* at 6-22.[2]

Judge Dyk dissented in part, Pet. App. 24-33, stating that the panel should have "defer[red] to the PTO's interpretation of its own regulations," *id.* at 24. In his view (*id.* at 26), the patent examiner's application of PTO Rule 175 in the circumstances of this case was entitled to judicial deference under the reasoning of *Dickinson* v. *Zurko*, 527 U.S. 150 (1999), in which this Court held that the "ordinary * * * court/agency standards" of the Administrative Procedure Act,

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[2] The court of appeals also affirmed the district court's holding that prosecution-history estoppel barred one of respondent's patent-infringement claims. Pet. App. 22-23.

5 U.S.C. 706, apply when the Federal Circuit reviews findings of fact made by the PTO. 527 U.S. at 153, 154. Judge Dyk observed that "[g]iving deference to agency interpretations of their own regulations has long been the rule," Pet. App. 27, and that the Federal Circuit has in other cases deferred to the PTO's interpretations of its own regulations, *id.* at 28-29. Judge Dyk saw "no basis for treating the PTO differently from any other administrative agency," *id.* at 30, and emphasized that Congress expressly conferred on the PTO the power to establish procedural regulations, *ibid.* (citing 35 U.S.C. 2(b)(2)(A)).

Turning to the facts of this case, Judge Dyk identified a "fundamental difference" between the majority's requirement of "almost perfect compliance" with the specificity requirements of former Rule 175, and the PTO's acceptance of petitioner's "reasonable compliance." Pet. App. 31. Judge Dyk concluded, for each of the reissue claims as to which the majority found petitioner's substituted declaration inadequate, that the patent examiner reasonably found the declaration to be in compliance with Rule 175. *Id.* at 31-33.

5. The court of appeals denied petitioner's request for rehearing en banc by an evenly divided vote. Pet. App. 193, 199. The six dissenting judges concluded (*id.* at 194-196 (Linn, J., dissenting)) that the panel's decision is inconsistent with the judicial presumption of administrative regularity, as well as the statutory presumption of patent validity, insofar as it holds "that a patent may be invalidated due to an examiner's misapplication of a PTO procedural rule," *id.* at 196. The dissent further noted that non-compliance with PTO rules is "a ground of invalidity not included in the exclusive list of grounds for invalidating a patent set forth in 35 U.S.C. § 282." *Ibid.* Consistent with Judge Dyk's

dissent from the panel's decision, the dissenting judges also stated that "application of the de novo standard of review in the context of this case, following *Nupla*, is contrary to the deference owed to PTO interpretations of its own procedural rules." *Ibid.*; see *id.* at 197-198 (Dyk, J., dissenting) (stating that panel's decision "perpetuates a serious anomaly in the patent law" and that "[r]esolution of the deference issue * * * is of exceptional importance") (internal quotation marks omitted).[3]

DISCUSSION

As six judges of the Federal Circuit have noted, this case presents significant and potentially far-reaching issues of patent law. The Federal Circuit, which has exclusive jurisdiction over patent appeals, see 28 U.S.C. 1295(a)(1) and (4), resolved those issues incorrectly, in violation of the governing statutory requirements and decisions of this Court. Nevertheless, the Federal Circuit's generally correct resolution of similar issues in other recent patent cases, together with the 1997 revision to Rule 175 and certain features of this case, counsel against granting the petition.

I. THE COURT OF APPEALS' DECISION INVALIDATES PATENT CLAIMS BASED ON A NON-STATUTORY GROUND, IN VIOLATION OF 35 U.S.C. 282

A. Section 282 of Title 35, United States Code, states that a patent (including a reissue patent, see 35

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[3] The PTO, which had filed a brief as amicus curiae in support of petitioner at the panel's invitation, see Pet. App. 24 (Dyk, J., dissenting), also filed an amicus brief in support of the petition for en banc review. The PTO urged rehearing en banc on the grounds that the panel's decision is incorrect and conflicts on important questions with other Federal Circuit decisions. See *id.* at 205-211.

U.S.C. 252), and each separate claim of a patent, "shall be presumed valid. * * * The burden of establishing invalidity of a patent or any claim thereof shall rest on the party asserting such invalidity." 35 U.S.C. 282.

Section 282 also lists the specific grounds on which a defense of patent invalidity may be based when defending against a claim of patent infringement. Those grounds are "[i]nvalidity of the patent or any claim in suit on any ground specified in part II of this title as a condition for patentability," 35 U.S.C. 282(2), and "[i]nvalidity of the patent or any claim in suit for failure to comply with any requirement of sections 112 or 251 of this title," 35 U.S.C. 282(3). Section 282 thus authorizes a determination of patent invalidity for failure to comply *with the statutory reissue requirements of 35 U.S.C. 251*, but does not authorize a determination of patent invalidity when it is alleged that the patent holder, in applying for the reissue patent, failed to follow nonstatutory procedural requirements adopted by the PTO in its regulations.

In this case, the district court rejected respondent's contentions that petitioner failed to comply with the statutory criteria for obtaining a reissue patent. See Pet. App. 114-130. That statutory issue was not before the court of appeals. See *id.* at 4-6. Insofar as is relevant to the pending petition for a writ of certiorari, the court of appeals addressed *only* "whether [petitioner's] substitute reissue declaration satisfies the requirements of Rule 175," 37 C.F.R. 1.175 (1996). Pet. App. 6.

The specificity requirements of 37 C.F.R. 1.175 (1996) exceeded the requirements of the reissue statute, 35 U.S.C. 251. Although Rule 175 was "issued under" Section 251, see 37 C.F.R. 1.171-1.179 note (1996), Section 251 does not provide for the detailed reissue declaration that 37 C.F.R. 1.175 (1996) demanded. There is no

suggestion in this case that the specificity requirements of former Rule 175—which the PTO could suspend or waive, see 37 C.F.R. 1.183—were necessary for compliance with Section 251. Instead, the requirements of former Rule 175 were established to assist the PTO in its own assessment of reissue applications, and were promulgated in the exercise of the agency's discretionary administrative power to "establish regulations, not inconsistent with law, for the conduct of proceedings in the [PTO]." 35 U.S.C. 6(a) (1994); see 35 U.S.C. 2(b)(2). Those procedural requirements in former Rule 175 were not fashioned to confer on third parties such as respondent, who do not participate in the reissue proceedings before the PTO, any rights of a sort that could be invoked in private litigation.

In relying upon the procedural requirements of Rule 175 to invalidate petitioner's patent claims, the court of appeals disregarded that "Congress, not the courts, must define the limits of patentability." *J.E.M. AG Supply, Inc.* v. *Pioneer Hi-Bred Int'l, Inc.*, 534 U.S. 124, 130 (2001) (quoting *Diamond* v. *Chakrabarty*, 447 U.S. 303, 315 (1980)). The statutory limitations on declaring a patent invalid embody Congress's judgment about the circumstances under which a patent holder should forfeit protection that results from PTO approval. By invalidating an issued patent based on a ground not specified in the Patent Act and not deemed preclusive of patent protection by the PTO, the court of appeals' decision narrows the patent protection afforded by Congress.

B. Unlike the court of appeals' decision here, other decisions of the Federal Circuit correctly state that procedural infirmities in a patent application generally do not provide grounds to hold the patent invalid. For example, when it reviewed a decision of the Board of

Patent Appeals and Interferences in *Hyatt* v. *Boone*, 146 F.3d 1348 (Fed. Cir. 1998), cert. denied, 525 U.S. 1141 (1999), the court of appeals rejected an objection to the rights of a patent holder that was based on alleged "technical violation[s]" (*id.* at 1355) of former 37 C.F.R. 1.60, which established streamlined filing requirements for patent applications covering subject matter already disclosed in an earlier application. The court explained that "[a]ny technical deficiency in meeting the formal requirements of [the PTO rule] must be viewed in light of the agency's acceptance of the applications as in compliance with the Rule. Regularity of routine administrative procedures is presumed, and departure therefrom, should such have occurred, is not grounds of collateral attack." 146 F.3d at 1355. The court of appeals added that "[c]ourts should not readily intervene in the day-to-day operations of an administrative agency." *Ibid.*

Magnivision, Inc. v. *Bonneau Co.*, 115 F.3d 956 (Fed. Cir. 1997), cert. denied, 522 U.S. 1090 (1998), involved claimed irregularities in documenting contacts between a patent examiner and the attorney for a patent applicant. The Federal Circuit stated that whereas "[a] court may invalidate a patent on any substantive ground, whether or not that ground was considered by the patent examiner[,] * * * [p]rocedural lapses during examination, should they occur, do not provide grounds of invalidity." *Id.* at 960. "Absent proof of inequitable conduct," the court of appeals continued, "the examiner's or the applicant's absolute compliance with the internal rules of patent examination becomes irrelevant after the patent has issued." *Ibid.*; see *Kingsdown Med. Consultants, Ltd.* v. *Hollister Inc.*, 863 F.2d 867, 872 (Fed. Cir. 1988) ("Inequitable conduct resides in failure to disclose material information, or

submission of false material information, with an intent to deceive."), cert. denied, 490 U.S. 1067 (1989). Other recent Federal Circuit decisions are to the same effect. See *Exxon Corp.* v. *Phillips Petroleum*, 265 F.3d 1249, 1252-1254 (Fed. Cir. 2001); *Seiko Epson Corp.* v. *Nu-Kote Int'l, Inc.*, 190 F.3d 1360, 1367 (Fed. Cir. 1999) ("Technical violations of PTO procedures, absent fraud or intentional deception, are not inequitable conduct as would invalidate the patent.").[4]

The rule established in *Nupla Corp.* v. *IXL Manufacturing Co.*, 114 F.3d 191 (Fed. Cir. 1997), and followed in this case therefore is in considerable tension with the main current of Federal Circuit precedent, which correctly holds that patents issued by the PTO may not be invalidated for a good-faith failure to comply with PTO procedural requirements. Moreover, there appear to be only a few decisions in which district courts have followed *Nupla* and entertained a claim of patent invalidity based on noncompliance with Rule 175. See *Stairmaster Sports/Med. Prods., Inc.* v. *Groupe Procycle, Inc.*, 25 F. Supp. 2d 270, 290-291 (D. Del. 1998) (applying former version of Rule 175); *Toro Co.* v. *Ariens Co.*, No. CIV.3-96-416, 1998 WL 34024138, at *15-*16 (D. Minn. Sept. 2, 1998) (same); see also *Chamberlain Group, Inc.* v. *Interlogix, Inc.*, No. 01 C 6157, 2002 WL 1263984 (N.D. Ill. June 3, 2002) (applying current version of Rule 175), and *Chamberlain Group, Inc.* v. *Interlogix, Inc.*, No. 01 C 6157, 2002 WL 1998292, at *2 (N.D. Ill. Aug. 28, 2002) (noting that patent holder did not raise argument that 35 U.S.C. 282

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[4] These other decisions of the Federal Circuit are consistent with the general rule under the Administrative Procedure Act that, on judicial review, "due account shall be taken of the rule of prejudicial error." 5 U.S.C. 706.

does not authorize court to invalidate patent based on Rule 175).

An additional consideration is the 1997 revision to Rule 175, which relaxed the rule's requirements for describing errors in the original patent. Because of the relaxed description requirement, it is considerably less likely that courts will find patents examined under the new rule invalid under the *Nupla* approach (as reaffirmed in this case) for failure to comply with Rule 175.[5] For those reasons, it does not appear at the present time that the first question presented in the petition has sufficient prospective importance to warrant this Court's review.

II. THE COURT OF APPEALS ERRED WHEN IT UNDERTOOK NON-DEFERENTIAL, *DE NOVO* REVIEW OF PETITIONER'S COMPLIANCE WITH RULE 175

For the reasons stated in Point I.A., above, the court of appeals erred in holding that its finding of non-compliance with Rule 175 could alone support a judicial declaration of patent invalidity. If the Court granted review and reversed on that ground, it would be unnecessary to address the second question presented in the petition—whether the PTO examiner's determination of petitioner's compliance with Rule 175 was entitled to judicial deference. The court of appeals erred

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[5] The PTO has determined that there are approximately 2000 reissue patents that were examined under the old version of Rule 175, and that have not expired or lapsed for non-payment of maintenance fees. By way of comparison to the broader universe, there are approximately 1.2 million unexpired, enforceable patents. See *Festo Corp.* v. *Shoketsu Kinzoku Kogyo Kabushiki Co.*, 234 F.3d 558, 618 (Fed. Cir. 2000) (en banc) (Michel, J., concurring in part and dissenting in part), vacated, 535 U.S. 722 (2002).

on the latter question as well, but it is not independently worthy of review in the context of this particular case.

A. The patent examiner must be understood to have determined, in granting the reissue patent, that petitioner's substituted declaration corrected the initial noncompliance with former Rule 175. See p. 4, *supra*; 37 C.F.R. 1.171 (requiring compliance with Rule 175). At the very least, the examiner reasonably determined that the substitute declaration *sufficiently* complied with Rule 175 to fulfill its purpose of allowing the examiner to pass upon the reissue application. The examiner's determination enjoys a double presumption of correctness. First, the reissue patent is entitled to the statutory presumption of validity. See 35 U.S.C. 282. Second, the PTO's approval of the reissue application is itself entitled to the "presumption of regularity [that] attaches to the actions of Government agencies." *United States Postal Serv.* v. *Gregory*, 534 U.S. 1, 10 (2001). "[I]n the absence of clear evidence to the contrary, courts presume that [public officials] have properly discharged their official duties," *United States* v. *Armstrong*, 517 U.S. 456, 464 (1996) (quoting *United States* v. *Chemical Found., Inc.*, 272 U.S. 1, 14-15 (1926)), such as verifying petitioner's compliance with Rule 175.

Well-settled principles of judicial deference reinforce the presumption that the PTO issued petitioner's reissue patent in accordance with the applicable procedural requirements. This Court has held consistently that administrative agencies' interpretations of their own regulations are entitled to substantial deference. See, *e.g.*, *Auer* v. *Robbins*, 519 U.S. 452, 461-463 (1997); *Bowles* v. *Seminole Rock & Sand Co.*, 325 U.S. 410, 414 (1945). As the Court explained in *Thomas Jefferson*

University v. *Shalala*, 512 U.S. 504 (1994), which involved a denial of Medicare reimbursement under a regulation promulgated by the denying agency, an agency's interpretation of its own regulation "must be given controlling weight unless it is plainly erroneous or inconsistent with the regulation." *Id.* at 512 (internal quotation marks omitted).

Judicial deference extends to interpretations made in agency adjudications and enforcement actions, as well as rule-makings and policy statements. See *Martin* v. *Occupational Safety & Health Review Comm'n*, 499 U.S. 144, 154 (1991) ("[A]djudication operates as an appropriate mechanism * * * for the exercise of delegated lawmaking powers, including lawmaking by interpretation."); see also *id.* at 157 (agency enforcement citation provided valid means of interpreting regulations). Furthermore, deference is particularly warranted where, as here, the pertinent regulation establishes the agency's own internal procedures. "[T]he formulation of [those] procedures [is] basically to be left within the discretion of the agencies to which Congress had confided the responsibility for substantive judgments." *Vermont Yankee Nuclear Power Corp.* v. *Natural Res. Def. Council, Inc.*, 435 U.S. 519, 524 (1978). That is especially so where, as here, the regulation is designed to assist the agency in conducting its own review, in proceedings to which the person now seeking to invoke the regulation was not a party.

For those reasons, the court of appeals erred when it treated the PTO's determination of petitioner's compliance with Rule 175 as "a pure question of law" subject to *de novo* review. See Pet. App. 6, 8 & n.2. As in *Dickinson* v. *Zurko*, 527 U.S. 150 (1999), the court of appeals should at a minimum have applied ordinary

principles of judicial deference to the agency's decision-making.

B. As with the first question presented in the petition, however, the court of appeals' error on the deference issue does not warrant this Court's review at the present time. Because the judgment below is incorrect for the antecedent reason that a violation of Rule 175 is not a ground for declaring a patent invalid under 35 U.S.C. 282, the deference issue might not be resolved by this Court even if the petition were granted.

Furthermore, the Federal Circuit has in other contexts recognized that the PTO's interpretations of its own regulations are entitled to judicial deference. See, *e.g.*, *Bayer AG* v. *Carlsbad Tech., Inc.*, 298 F.3d 1377 (Fed. Cir. 2002); *Kubota* v. *Shibuya*, 999 F.2d 517, 520-521 (Fed. Cir. 1993); see also *Hyatt* v. *Boone*, 146 F.3d 1348, 1355-1356 (Fed. Cir. 1998), cert. denied, 525 U.S. 1141 (1999); *In re McDaniel*, 293 F.3d 1379, 1382, 1385 (Fed. Cir. 2002) (noting deference requirement, but stating that the instant case established an exception to general rule). The full scope of the inconsistent approach suggested by *Nupla* and this case is unclear at the present time. In particular, the Federal Circuit has not applied *Nupla* to reissue patents examined under the current version of Rule 175, and it is possible that, in future cases, the Federal Circuit might approach that issue with greater sensitivity to principles of judicial deference.

Finally, because of the context in which this case arose, the administrative record is not as fully developed as it often would be in a case involving the principle that courts must defer to the PTO's interpretations of its own regulations. The patent examiner's grant of the reissue patent, in the non-adversarial reissue proceeding, subsumed an implicit finding that

petitioner's substituted declaration was sufficient to cure the deficiency of the earlier supporting declaration, and therefore to comply with former Rule 175. And because the reissue patent application was granted, there was no proceeding before the PTO's Board of Patent Appeals and Interferences that might have generated a decision that addressed the issue in detail. See generally 37 C.F.R. 1.191. Furthermore, although the PTO's amicus curiae brief during the panel's proceedings in the court of appeals argued that judicial deference is appropriate, see Pet. App. 24 & n.1 (Dyk, J., dissenting), it did not address the correct application of Rule 175 to the facts of this case. The rule that the PTO's interpretations and applications of its regulations deserve judicial deference might be more helpfully illustrated in a case in which the agency record is more fully developed.

Despite the limitations of this case as a vehicle for further review, the issue of judicial deference to PTO decisions is important and recurring. Moreover, in light of the Federal Circuit's exclusive jurisdiction over actions arising under the Patent Act, see 28 U.S.C. 1295(a)(1) and (4), review by this Court may become necessary to resolve inconsistencies in the Federal Circuit's adherence to the deference requirement. The United States suggests, however, that a correct resolution of the deference issue through the Federal Circuit's own mechanisms remains possible, and consideration of the issue by this Court is unwarranted at the present time, under the circumstances presented by this case.

CONCLUSION

The petition for a writ of certiorari should be denied.

Respectfully submitted.

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(5)

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No. 02-429

IN THE

Supreme Court of the United States

DETHMERS MANUFACTURING COMPANY, INC.,

Petitioner,

v.

AUTOMATIC EQUIPMENT MANUFACTURING COMPANY,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

SUPPLEMENTAL BRIEF FOR PETITIONER

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RULE 29.6 STATEMENT

The Petitioner is Dethmers Manufacturing Company, Inc. Petitioner does not have a parent corporation. There are no parent or publicly held companies owning ten percent (10%) or more of the Petitioner's stock.

In his amicus brief on behalf of the United States, the Solicitor General states that "this case presents significant and potentially far-reaching issues of patent law. The Federal Circuit . . . resolved those issues incorrectly, in violation of the governing statutory requirements and decisions of this Court." U.S. Brief at 8. Nevertheless, the Solicitor General recommends waiting for a later date and later case to resolve these important issues. Contrary to the Solicitor General's suggestion, this is the right time and the right case for these issues to be resolved.

The Solicitor General bases his suggestion to wait for a better case in part on the fact that the Federal Circuit has not yet had the opportunity to apply its *Nupla* decision to the revised version of Rule 175. Changes to Rule 175, however, do not affect the questions presented here. The particular procedural requirements of Rule 175 are irrelevant to the issues of whether a patent that complies with statutory requirements can be invalidated for failure to comply with a procedural rule and whether the PTO's determination of compliance with its own procedural rule is entitled to judicial deference.

Waiting for a case applying revised Rule 175 will not result in a better vehicle to present the "important and recurring issues" (U.S. Brief at 1) raised in this appeal. Neither the Federal Circuit's determination that it can invalidate a patent based on a non-statutory ground nor its view that it does not need to give deference to the PTO's interpretation of its own regulations is based on the particular requirements of Rule 175. Furthermore, because the Federal Circuit is the only circuit that typically reviews patent related issues, and because the Federal Circuit has conclusively spoken on the issues here--in the form of its current and previous panel decisions and its evenly divided refusal to rehear the case *en banc* (complete with extensive dissents from that refusal)--these

"important" problems will remain "recurring" (U.S. Brief at 1) unless this Court corrects them.

The Solicitor General suggests that certiorari should be denied because, in other situations, the Federal Circuit has declined to invalidate a patent for failure to comply with a procedural rule. Given that the Federal Circuit has exclusive jurisdiction over patent appeals, however, this conflicting precedent, along with the even split among the judges, is analogous to a split in the circuits. Unless this Court grants review, the error in this case will become engrained into the law, and will "narrow[ ] the patent protection afforded by Congress" (U.S. Brief at 10), thereby significantly reducing the value of reissue patents. While reissued patents may reflect a relatively smaller percentage of patents, they are also significantly more likely to be involved in litigation than are other patents. More fundamentally, the principles involved regarding non-statutory grounds for invalidating a patent and judicial deference to PTO rule interpretation affect all patents.

The Solicitor General also argues that a better case to review the questions squarely presented here might arise in the context of a case that has been appealed to the Board of Patent Appeals and Interferences (Patent Board). However, the issues presented in this case relate to issued patents, and appeals to the Patent Board deal only with pending applications; therefore, it is extremely unlikely that such a case will ever in fact arise.[1] The case at hand

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[1] The case envisioned by the Solicitor General could occur in the unusual instance where the patent examiner issued a final rejection of the application for failure to comply with the rule, the applicant appealed that ruling to the Patent Board, the Patent Board reversed the examiner on that issue, the patent application matured into a reissue patent, the reissue patent became the subject of a lawsuit, and compliance with the rule became an issue in that lawsuit.

represents an instance where the PTO itself filed two briefs with the Federal Circuit expressing its views on the matter. It is unlikely that any case will arise where these issues have been more thoroughly developed below.

This is the right case and the right time for the Court to correct the Federal Circuit on these "important and recurring issues."

CONCLUSION

The petition for a writ of certiorari should be granted.

Respectfully submitted,

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